

F I N A L R E P O R T

IOWA LIVESTOCK INDUSTRY STUDY COMMITTEE

February, 1986

The Iowa Livestock Industry Study Committee was established to explore means of revitalizing the livestock industry in the state. The Committee was initially granted three meetings, and the Legislative Council subsequently gave the Committee one additional day for public hearings, and approved the payment of expenses for citizen members for a final meeting held during the legislative session. Members of the Study Committee were:

Senator Emil Husak, Co-chairperson
Representative Daniel Fogarty, Co-chairperson
Senator Berl Priebe
Senator Leonard Boswell
Senator John Soorholtz
Senator Jack Hester
Representative Gene Blanshan
Representative Louis Muhlbauer
Representative Wilmer Rensink
Representative Wendell Pellett
Mr. Francis Kenkel
Mr. Ken Cheers
Dr. Walter Felker
Mr. Don Huntington
Mr. Tom Malcolm
Mr. Hal Hopkins

FIRST MEETING

The first meeting of the Study Committee was held on September 17, 1985. The Committee heard presentations from the following persons: Mr. Malcolm McGregor, Iowa Cattlemen's Association; Mr. Richard VandeHaar, Iowa Pork Producers Association; Dr. Tom Carson, Iowa Sheep Industry Association; Mr. Ken Peters, Iowa Poultry Association; Mr. Marshall O. Inman, Iowa Dairy Products Association; and Ms. Julie M. Bailey, Iowa Horse Industry Council. The Study Committee determined to hold eight public hearings around the state.

PUBLIC HEARINGS

The Study Committee conducted eight public hearings, using the day granted by the Legislative Council and one of its meeting days. The hearings were held:

November 4, 1985, 1:30 p.m., Ottumwa

November 4, 1985, 7:00 p.m., Lamoni
November 6, 1985, 1:30 p.m., Calmar
November 6, 1985, 7:00 p.m., Manchester
November 12, 1985, 1:30 p.m., Red Oak
November 12, 1985, 7:00 p.m., Denison
November 14, 1985, 1:30 p.m., Spencer
November 14, 1985, 7:00 p.m., Garner

SECOND MEETING

The second meeting of the Study Committee was held on December 16, 1986. The Committee heard a presentation by the Department of Water, Air and Waste Management on environmental regulations affecting the livestock industry, delivered by Mr. Ubbo Agena. The Committee also heard a presentation by Dr. M. H. Lang, State Veterinarian, and a presentation by Mr. Keith Heffernan on the Governor's Cattle Industry Task Force. The Study Committee identified twelve concepts for drafting and further examination.

FINAL MEETING

The Study Committee met on February 6, 1986 to give final review to nine proposed bills and one proposed resolution. The Committee approved seven of the bills and the resolution.

RECOMMENDATIONS

The Study Committee adopted and recommended the following:

1. A bill for an Act relating to the exemption from the sales, services, and use tax of the sale, furnishing, or service of utilities to be used in agricultural production for market (LSB 7427).

2. A bill for an Act relating to bovine brucellosis, by providing definitions, and providing for branding of feeders, vaccination requirements, the adoption of rules, the movement of cattle, and reimbursement and indemnification for spayed and slaughtered cattle (LSB 7428).

3. A bill for an Act relating to income tax credits for cattle production (LSB 7429).

4. A bill for an Act relating to loans for ethanol production (LSB 7430).

5. A bill for an Act providing soil conservation tax credits for certain uses of agricultural land, and providing an effective date (LSB 7433).

6. A bill for an Act relating to gasohol, by decreasing the tax on the fuel by one cent per gallon (LSB 7435).

7. A bill for an Act relating to and creating a corn gluten feed subsidy program, and providing for an appropriation (LSB 7436).

8. A Concurrent Resolution recommending adequate funding of research projects at Iowa State University (LSB 6503).

Copies of the recommended bills and resolution are attached.

SENATE/HOUSE FILE _____
BY (PROPOSED IOWA LIVESTOCK
INDUSTRY STUDY COMMITTEE
BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the exemption from the sales, services, and
2 use tax of the sale, furnishing, or service of utilities to be
3 used in agricultural production for market.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 422.42, subsection 3, Code Supplement
2 1985, is amended to read as follows:

3 3. "Retail sale" or "sale at retail" means the sale to a
4 consumer or to any person for any purpose, other than for
5 processing, for resale of tangible personal property or
6 taxable services, or for resale of tangible personal property
7 in connection with taxable services~~;~~ and includes the sale of
8 gas, electricity, water, and communication service to retail
9 consumers or users~~;~~ but does not include agricultural
10 breeding livestock and domesticated fowl~~;~~~~or~~; and does not
11 include commercial fertilizer, agricultural limestone, or
12 herbicide, pesticide, insecticide, food, and medication, and
13 or agricultural drain tile and, including installation thereof
14 of agricultural drain tile, any of which are to be used in
15 disease control, weed control, insect control, or health
16 promotion of plants or livestock produced as part of
17 agricultural production for market~~;~~ and does not include
18 electricity, steam, or any taxable service when purchased and
19 used in the processing of tangible personal property intended
20 to be sold ultimately at retail. When used by a manufacturer
21 of food products, electricity, steam, and other taxable
22 services are sold for processing when used to produce
23 marketable food products for human consumption, including but
24 not limited to, treatment of material to change its form,
25 context, or condition, in order to produce the food product,
26 maintenance of quality or integrity of the food product,
27 changing or maintenance of temperature levels necessary to
28 avoid spoilage or to hold the food product in marketable
29 condition, maintenance of environmental conditions necessary
30 for the safe or efficient use of machinery and material used
31 to produce the food product, sanitation and quality control
32 activities, formation of packaging, placement into shipping
33 containers, and movement of the material or food product until
34 shipment from the building of manufacture. Tangible personal
35 property is sold for processing within the meaning of this

1 subsection only when it is intended that the property will, by
 2 means of fabrication, compounding, manufacturing, or
 3 germination become an integral part of other tangible personal
 4 property intended to be sold ultimately at retail; or will be
 5 consumed as fuel in creating heat, power, or steam for
 6 processing including grain drying, or for providing heat or
 7 cooling for livestock buildings, or for generating electric
 8 current, or be-consumed in self-propelled implements of
 9 husbandry engaged in agricultural production; or the property
 10 is a chemical, solvent, sorbent, or reagent, which is directly
 11 used and is consumed, dissipated, or depleted, in processing
 12 personal property which is intended to be sold ultimately at
 13 retail, and which may not become a component or integral part
 14 of the finished product. The distribution to the public of
 15 free newspapers or shoppers guides is a retail sale for
 16 purposes of the processing exemption.

17 Sec. 2. Section 422.45, Code Supplement 1985, is amended
 18 by adding the following new subsection:

19 NEW SUBSECTION. The gross receipts from the sale,
 20 furnishing, or service of gas, electricity, water, or heat to
 21 be used in agricultural production for market.

22 EXPLANATION

23 The bill, in section 2, exempts from the sales and use tax
 24 the sale, furnishing, or service of gas, electricity, water,
 25 or heat when used in agricultural production for market. The
 26 bill also provides, in section 1, that property consumed as
 27 fuel in any implement of husbandry engaged in agricultural
 28 production is used in processing and thus exempt. The present
 29 law requires the implement of husbandry to be self-propelled.

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SENATE/HOUSE FILE _____
BY (PROPOSED IOWA LIVESTOCK
INDUSTRY STUDY COMMITTEE
BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to bovine brucellosis, by providing definitions,
2 and providing for branding of feeders, vaccination
3 requirements, the adoption of rules, the movement of cattle,
4 and reimbursement and indemnification for spayed and
5 slaughtered cattle.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 164.1, subsection 7, Code 1985, is
2 amended to read as follows:

3 7. "Official calfhood vaccination" ~~shall mean~~ means the
4 vaccination of any a female calf of a-dairy any breed between
5 the ages of two four months and six ten months ~~or-any-female~~
6 ~~caif-of-a-beef-breed-between-the-ages-of-two-months-and-ten~~
7 months with brucella vaccine approved by the U-S- United
8 States department of agriculture, which ~~caif-shall-have~~
9 vaccination has been vaccinated administered by a licensed
10 accredited veterinarian according to the rules established by
11 the department. The officially vaccinated animal shall be
12 identified by a an official vaccination tattoo mark, and an
13 official ear tag or owner's purebred identification. ~~Such The~~
14 tattoo mark, ear tag or owner's purebred identification shall
15 be described in a certificate furnished by the attending
16 veterinarian.

17 Within thirty days following such the vaccination, the
18 attending veterinarian shall supply the owner with a
19 certificate of vaccination. The veterinarian shall retain a
20 copy of ~~some~~ the certificate and forward a copy to the ~~local~~
21 office of the ~~U-S--department-of-agriculture-or-a-copy-to~~
22 state veterinarian within the Iowa department of agriculture.

23 Sec. 2. Section 164.1, subsection 8, Code 1985, is amended
24 by striking the subsection and inserting in lieu thereof the
25 following:

26 8. "Class-free state" means there has been no known
27 brucellosis in cattle for a period of twelve months. States
28 are classified as class free, class A, class B, and class C,
29 according to guidelines set forth in 9 C.F.R. § 78.1.

30 Sec. 3. Section 164.1, subsection 9, Code 1985, is amended
31 to read as follows:

32 9. "State-approved premises" means feedlot or grazing
33 areas established at the discretion of the department for the
34 feeding, fattening, or growing of ~~imported~~ untested heifers
35 over ~~eight~~ four months of age but under ~~twenty-four~~ eighteen

1 months of age ~~7-or-native-untested-female-cattle~~. Rules
2 governing the operation of such the premises shall be made at
3 the discretion of the department and subject to the ~~provisions~~
4 of chapter 17A.

5 Sec. 4. Section 164.2, Code 1985, is amended by adding the
6 following new unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. Native test-eligible female
8 cattle may be branded with an "F" brand on the left jaw or
9 tail head region rather than tested if the cattle are destined
10 for a confined or quarantined feedlot. Calves which are born
11 in a confined or quarantined feedlot shall be "F" branded,
12 spayed, or castrated.

13 Sec. 5. Section 164.3, Code 1985, is amended to read as
14 follows:

15 164.3 FEMALE CALVES VACCINATED.

16 All native female cattle of a ~~dairy~~ any breed between the
17 ages of ~~two~~ four and ~~six~~ months and ~~all-native-female-cattle~~
18 ~~of-a-beef-breed-between-the-ages-of-two-months~~ and ten months
19 may be officially vaccinated for brucellosis according to the
20 method approved by the United States department of
21 agriculture. The expense of such the vaccination shall be
22 borne in the ~~same~~ manner as ~~set-forth~~ provided in section
23 164.6.

24 Sec. 6. Section 164.4, Code 1985, is amended by adding the
25 following new unnumbered paragraphs:

26 NEW UNNUMBERED PARAGRAPH. The department shall adopt rules
27 that are no less restrictive than the uniform methods and
28 rules for brucellosis eradication promulgated by the United
29 States department of agriculture, APHIS 91-1, effective July
30 1, 1984, but may adopt rules that are more restrictive,
31 subject to chapter 17A.

32 NEW UNNUMBERED PARAGRAPH. The department may implement any
33 of the procedures enumerated in the uniform methods and rules
34 if approved jointly by state and federal animal health
35 officials, including but not limited to the use of quarantined

1 pastures, quarantined feedlots, or other options permitted
2 under the uniform methods and rules.

3 Sec. 7. Section 164.9, Code 1985, is amended to read as
4 follows:

5 164.9 RETEST ORDERED.

6 The department may order a retest of any breeding cattle at
7 any time, when in ~~their~~ the department's opinion, it is
8 necessary. In case of reactors, one retest shall be granted
9 the owner of the cattle by the department upon the request of
10 the owner or owner's veterinarian before the cattle are
11 permanently marked as reactors, such and the expense of the
12 retest of reactors shall be at-the-owner's-expense borne in
13 the same manner as provided in section 164.6.

14 Sec. 8. Section 164.13, Code 1985, is amended to read as
15 follows:

16 164.13 UNLAWFUL ACTS.

17 It ~~shall-be~~ is unlawful for any an owner to sell or
18 transfer ownership of any bovine animal or allow commingling
19 of cattle belonging to two or more owners, or the commingling
20 of dairy or breeding cattle with cattle under feeder
21 quarantine as-feeding-or-grazing-animals on state approved
22 premises, unless they are accompanied by a negative
23 brucellosis test report issued by an accredited veterinarian,
24 conducted within thirty days. ~~The-provisions-of-this~~ This
25 section de does not apply to the following:

26 1. Calves under ~~ten~~ four months of age, spayed heifers,
27 and steers.

28 2. Official vaccinates ~~under-thirty-months-of-age of beef~~
29 breeds under twenty-four months of age and of dairy breeds
30 under twenty months of age, if accompanied-by-official
31 caifhood-vaccination-certificates not visibly parturient or
32 postparturient.

33 3. Animals consigned directly to slaughter.

34 4. Animals moved for exhibition purposes:

35 a. When under ~~thirty-months-of-age~~ the test-eligible ages

1 specified in subsection 2 and accompanied by an official
2 vaccination certificate.

3 b. Animals of any age when accompanied by a report of a
4 negative brucellosis test conducted within seventy-five thirty
5 days.

6 5. Animals originating from a herd certified-to-be-free-of
7 brucellosis in a class-free state or animals from a certified
8 brucellosis area free herd.

9 6. Cattle moved to a state-approved premises, as defined
10 in section 164.1, subsection 9, as provided by the department.

11 Sec. 9. Section 164.14, Code 1985, is amended to read as
12 follows:

13 164.14 IMPORTED CATTLE.

14 1. Female cattle over ten four months of age, and under
15 twenty-four eighteen months not visibly pregnant parturient or
16 postparturient, may enter the state for feeding purposes, to
17 be consigned to a state-approved premises under quarantine.
18 Such cattle as well as native female animals over-twenty-four
19 months-of-age that have been consigned to the lot may be
20 released from the premises if they meet-one have been any of
21 the following requirements:

22 a. Consignment Consigned to slaughter.

23 b. Consignment Consigned to a federally approved market.

24 c. Consigned to another quarantined premises.

25 d. Tested negative to brucellosis at owner's expense. The
26 test shall be made not less than thirty sixty days after the
27 last consignment to the premises and shall include all animals
28 on the premises.

29 2. Female cattle over twenty-four eighteen months of age
30 may enter the state if they meet-one are any of the following
31 requirements:

32 a. Consigned to a federally approved market.

33 b. Consigned to a slaughter plant for immediate slaughter.

34 c. Accompanied by an official health certificate showing a
35 record of a negative brucellosis test, when required,

1 accomplished within thirty days of importation.

2 Sec. 10. Section 164.14, Code 1985, is amended by adding
3 the following new subsections:

4 NEW SUBSECTION. 3. All female cattle which are imported
5 from a state designated as a class B or class C state shall be
6 quarantined until they are sold.

7 NEW SUBSECTION. 4. Unvaccinated female cattle which are
8 imported from a state designated as a class B or class C
9 state, and which are sold or purchased as feeder cattle, shall
10 be identified with an "F" brand on the left jaw or tail head
11 region.

12 NEW SUBSECTION. 5. Vaccinated female cattle which are
13 imported from a state designated as a class B or class C state
14 shall be officially tested for brucellosis within ten months
15 after the birth of the first calf to the cow.

16 Sec. 11. Section 164.19, Code 1985, is amended by adding
17 the following new unnumbered paragraphs:

18 NEW UNNUMBERED PARAGRAPH. All noncondemned female cattle
19 from an infected herd shall be spayed, and the expense shall
20 be reimbursed to the owner from the brucellosis and
21 tuberculosis eradication fund.

22 NEW UNNUMBERED PARAGRAPH. The department may provide for a
23 conditional quarantine under which the department may require
24 the cattle be retested for brucellosis within one hundred
25 twenty days after their release from full quarantine.

26 Sec. 12. Section 164.21, Code 1985, is amended to read as
27 follows:

28 164.21 AMOUNT OF INDEMNITY.

29 The department shall certify the claim of the owner for
30 each animal slaughtered in accordance with this chapter. An
31 infected herd may be completely depopulated and indemnity paid
32 ~~on individual animals~~ when, in the opinion of ~~the officials~~ of
33 the department and ~~officials of the animal-research~~ veterinary
34 service of the United States department of agriculture, the
35 disease cannot be adequately controlled by routine testing.

1 Indemnity ~~can~~ shall only be paid if money is available in
 2 the brucellosis and tuberculosis eradication fund and if
 3 indemnity payment is also made by the United States department
 4 of agriculture. However, if the United States department of
 5 agriculture is unable to pay indemnity, the state may still
 6 pay indemnity for condemned animals if money is available.

7 In the case of individual payment, all animals shall be
 8 individually appraised and the amount of indemnity shall be
 9 equal to the difference between the slaughter value and the
 10 appraisal price, less the amount of indemnity paid by the
 11 United States department of agriculture. The total amount of
 12 indemnity paid by the brucellosis and tuberculosis eradication
 13 fund for ~~a-grade-animal-or-a-purebred~~ an animal shall not
 14 exceed two one hundred dollars. ~~However, if a purebred animal~~
 15 ~~is purchased and owned for at least one year before testing~~
 16 ~~and the owner can verify the actual cost, the secretary of~~
 17 ~~agriculture may award the payment of an additional~~
 18 ~~indemnification not to exceed five hundred fifty dollars or~~
 19 ~~the actual cost of the animal when purchased, whichever is~~
 20 ~~less.~~

21 EXPLANATION

22 Section 1 of this bill changes the ages of calfhood
 23 vaccination to remove conflicts with the federal regulations
 24 and to permit use of the reduced dosage vaccine. Section 2
 25 strikes reference to a modified certified brucellosis area,
 26 and substitutes it with the definition of a class-free state,
 27 which is the terminology currently used by the United States
 28 department of agriculture. Reference is also made to the
 29 class A, B, and C designations made by the department.

30 The changes made in section 3 are conformations for the
 31 changes made in the vaccination ages. Section 4 provides that
 32 if native test-eligible female cattle intended to be kept as
 33 feeders only, they may be "F" branded rather than tested.
 34 Section 5 also makes conforming changes for the vaccination
 35 age change.

1 Section 6 provides that the state department of agriculture
2 adopt rules at least as restrictive as the federal rules, and
3 also authorizes the department to adopt procedures for the use
4 of quarantined pastures, quarantined feedlots, or other
5 options permitted under the uniform methods and rules.

6 Section 7 specifies that a retest is to be done before the
7 cattle are marked as reactors, and makes the expense of the
8 retest payable by the United States department of agriculture,
9 the state department of agriculture, and the brucellosis and
10 tuberculosis eradication fund.

11 Sections 8 and 9 restrict the movement of cattle both into
12 Iowa and within Iowa. New restrictions include the holding in
13 quarantine until sale of all female cattle imported from class
14 B or class C states. Unvaccinated female cattle from the
15 class B and C states, which were intended to be feeders only,
16 are identified with an "F" brand. Also, vaccinated female
17 cattle from B and C states must be tested within ten months
18 after the birth of their first calf.

19 Section 11 provides for the spaying of noncondemned female
20 cattle from infected herds, and allows for reimbursement of
21 the expense from the state brucellosis and tuberculosis
22 eradication fund. The section also permits a more limited
23 quarantine in which the department may require testing within
24 120 days after cattle are released from full quarantine.

25 Section 12 permits indemnity to be paid for slaughtered
26 cattle even though money is not available from the United
27 States department of agriculture. The amount paid on any
28 animal is changed to a maximum \$100.

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SENATE/HOUSE FILE _____
BY (PROPOSED IOWA LIVESTOCK
INDUSTRY STUDY COMMITTEE
BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to income tax credits for cattle production.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 422.11B CATTLE PRODUCTION TAX
2 CREDITS.

3 1. The taxes imposed under this division, less credits
4 allowed under sections 422.10, 422.11, 422.11A, and 422.12
5 shall be reduced by the following cattle production tax
6 credits:

7 a. A credit of three dollars per head for all market
8 cattle born in this state after July 1, 1986 which may be
9 taken by a taxpayer for the taxable year in which the cattle
10 are sold if the taxpayer owned the cattle at their birth.

11 b. A credit of three dollars per head for all market
12 cattle kept in this state for at least the six months
13 preceding slaughter which may be taken by a taxpayer for the
14 taxable year in which the cattle are sold if the taxpayer
15 owned the cattle during the six-month period.

16 c. A credit of three dollars per head for all market
17 cattle sold for slaughter at facilities in this state which
18 may be taken by a taxpayer for the taxable year in which the
19 cattle were sold for slaughter at facilities in this state if
20 the taxpayer owned the cattle immediately prior to the sale
21 for slaughter.

22 2. An individual may claim a cattle production tax credit
23 allowed a partnership, subchapter S corporation, or estate or
24 trust electing to have the income taxed directly to the
25 individual. The amount claimed by the individual shall be
26 based upon the pro rata share of the individual's earnings of
27 a partnership, subchapter S corporation, or estate or trust.

28 3. As used in this subsection, market cattle means bovine
29 animals raised for the purpose of sale for slaughter at an
30 optimum weight for marketing.

31 EXPLANATION

32 This bill provides tax credits for income tax purposes of
33 three dollars per head for market cattle born in Iowa, three
34 dollars per head for market cattle kept in Iowa for at least
35 the six months prior to slaughter, and three dollars per head
36 for market cattle sold for slaughter at Iowa facilities.

SENATE/HOUSE FILE _____
BY (PROPOSED IOWA LIVESTOCK
INDUSTRY STUDY COMMITTEE
BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to loans for ethanol production.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 220.1, Code Supplement 1985, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 36. "Ethanol" means the alcohol which is
4 produced by the fermentation of sugar converted from
5 cornstarch obtained by the wet or dry milling of corn.

6 Sec. 2. Section 220.1, subsection 28, unnumbered paragraph
7 3, Code Supplement 1985, is amended to read as follows:

8 The authority may, by resolution, waive any or all of the
9 requirements of paragraph "b" in connection with a loan to a
10 small business, as defined under applicable federal law and
11 regulations that have been enacted or adopted by April 1,
12 1983, in which federal assistance, insurance, or guaranties
13 are sought. The provisions of paragraphs "a", "b", and "c" do
14 not apply to ethanol producers under section 220.66.

15 Sec. 3. NEW SECTION. 220.66 ETHANOL PRODUCTION LOANS.

16 Persons who propose to construct or expand facilities for
17 ethanol production in this state may apply for assistance from
18 the small business loan program. The provisions of section
19 220.1, subsection 28, paragraphs "a", "b", and "c" do not
20 apply to persons applying for assistance pursuant to this
21 section.

22 EXPLANATION

23 This bill allows persons interested in constructing or
24 expanding ethanol production in Iowa to be considered for
25 small business loans made by the finance authority, even
26 though the business might otherwise be ineligible for small
27 business loans due to being an affiliate or subsidiary of a
28 business dominant in its field of operation, due to having
29 either more than twenty full-time equivalent positions or more
30 than the equivalent of three million dollars in annual gross
31 revenues as computed for the preceding fiscal year or as the
32 average of the three preceding fiscal years, or due to
33 involvement in the operation of a farm or the practice of a
34 profession.

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SENATE/HOUSE FILE _____
BY (PROPOSED LIVESTOCK IN-
DUSTRY STUDY COMMITTEE
BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing soil conservation tax credits for certain uses
2 of agricultural land, and providing an effective date.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 426B.1 DEFINITION.

2 As used in this chapter, "agricultural land" means agri-
3 cultural lands as defined in section 426.2.

4 Sec. 2. NEW SECTION. 426B.2 SOIL CONSERVATION TAX
5 CREDIT.

6 In addition to the agricultural land tax credit to which
7 agricultural lands are eligible under chapter 426,
8 agricultural lands included in the corn base of the agri-
9 culture stabilization and conservation service of the United
10 States department of agriculture as computed in the year the
11 agricultural land was reseeded, which are converted from row
12 crop uses and reseeded to grasses or legumes, are eligible for
13 a one-time tax credit of five dollars per acre for the next
14 fiscal year after the reseeded is completed, and an annual
15 tax credit of one dollar per acre for the next ten fiscal
16 years after the reseeded is completed.

17 Sec. 3. NEW SECTION. 426B.3 CLAIM FOR CREDIT.

18 To apply for the credits, an owner shall before July 1
19 deliver to the assessor, on forms furnished by the assessor, a
20 verified statement and designation of agricultural lands for
21 which the credits are claimed. An owner may claim the credits
22 only on land which was included in the corn base of the
23 agriculture stabilization and conservation service. The
24 assessor shall return the statement and the designation on or
25 before July 2 to the county auditor with a recommendation for
26 allowance or disallowance. If the owner of the agricultural
27 land is in active service in the armed forces of this state or
28 of the United States, the statement and designation may be
29 signed and delivered by a member of the owner's family. If
30 the owner filing a claim owns agricultural land in two or more
31 counties, the owner may file a claim for the credits in each
32 county in which the owner owns eligible agricultural land.

33 Sec. 4. NEW SECTION. 426B.4 REVIEW BY BOARD.

34 The board of supervisors shall examine all claims for
35 credits delivered to the assessor, and shall either allow or

1 disallow the claims. If disallowed, the board shall send
2 notice of disallowance by certified mail to the claimant at
3 the claimant's last known address. The board shall disallow a
4 claim if the tract of agricultural land was not included in
5 the corn base of the agriculture stabilization and
6 conservation service.

7 Sec. 5. NEW SECTION. 426B.5 APPEALS PERMITTED.

8 1. A person whose claim for a credit is denied may appeal
9 from the action of the board of supervisors to the district
10 court of the county in which the claimed agricultural land is
11 situated by giving written notice of the appeal to the county
12 auditor of the county within twenty days from the date of
13 mailing of notice of the denial by the board of supervisors.

14 2. If the state comptroller determines, upon investi-
15 gation, that a claim for soil conservation tax credit has been
16 allowed by a board of supervisors which is not justifiable
17 under the law and not substantiated by proper facts, the state
18 comptroller, at any time within twenty-four months from July 1
19 of the year in which the claim is filed, may set aside the
20 allowance. Notice of the disallowance shall be given to the
21 county auditor of the county in which the claim was improperly
22 granted and a written notice of the disallowance shall also be
23 addressed to the claimant at the claimant's last known
24 address. The claimant or the board of supervisors may seek
25 judicial review of the action of the director of revenue in
26 accordance with chapter 17A. If a claim for a credit is
27 disallowed by the state comptroller and no petition for
28 judicial review is filed, any amount of credit erroneously
29 allowed and paid from the soil conservation tax credit fund
30 becomes a lien upon the property on which the credit was
31 originally granted, if still in the hands of the claimant, and
32 not in the hands of a bona fide purchaser, and any amount so
33 erroneously paid shall be collected by the county treasurer in
34 the same manner as other taxes and shall be returned to the
35 state comptroller and credited to the soil conservation tax

1 credit fund. The state comptroller may institute legal
2 proceedings against a soil conservation tax credit claimant
3 for the collection of all payments made on disallowed credits.

4 3. If agricultural land which has been granted soil
5 conservation tax credits is converted from grassland before
6 the expiration of ten years, any amount of credit allowed and
7 paid from the soil conservation tax credit fund becomes a lien
8 upon the property on which the credit was originally granted,
9 if still in the hands of the claimant and not in the hands of
10 a bona fide purchaser, and any amount paid shall be collected
11 by the county treasurer in the same manner as other taxes and
12 shall be returned to the state comptroller and credited to the
13 soil conservation tax credit fund. The state comptroller may
14 institute legal proceedings against a soil conservation tax
15 credit claimant for collection of all payments made on credits
16 for agricultural land which was converted from grassland in
17 fewer than ten years.

18 Sec. 6. NEW SECTION. 426B.6 CERTIFICATION TO STATE
19 COMPTROLLER.

20 Claims which have been received by the assessor shall be
21 certified by the county auditor to the state comptroller on or
22 before September 1 of each year.

23 Sec. 7. NEW SECTION. 426B.7 FORM FOR FILING.

24 The state comptroller shall prescribe a form for filing a
25 claim for credit shall include the following information:

26 1. The name and address of the claimant.

27 2. A description of the agricultural land for which the
28 credit is claimed.

29 3. The name of the county in which the agricultural land
30 is located.

31 4. The valuation of the agricultural land as determined
32 and certified by the assessor as of January 1 of the preceding
33 calendar year.

34 5. A copy of the claimant's notice of yield and acreage
35 basis (A.S.C.S Form 476) for the year the agricultural land is

1 reseeded.

2 6. An affidavit signed by the claimant that the tract has
3 been reseeded to grasses or legumes and that any tract of
4 agricultural land which is converted from row crop to
5 grassland and for which a tax credit is claimed under this
6 chapter, will remain grassland for a minimum of ten years from
7 the date of application for the credit.

8 The state comptroller may require additional information as
9 necessary.

10 Sec. 8. NEW SECTION. 426B.8 RULES.

11 The state comptroller shall adopt rules in accordance with
12 chapter 17A for the interpretation and proper administration
13 of this chapter.

14 Sec. 9. NEW SECTION. 426B.9 SOIL CONSERVATION TAX CREDIT
15 FUND.

16 A soil conservation tax credit fund is created in the state
17 treasury. All receipts credited to the fund shall be used to
18 pay the one-time and annual tax credits provided in this
19 chapter to the county treasurer to be credited against the
20 property tax on the converted agricultural land on behalf of
21 the owners of agricultural land. If funds appropriated to the
22 soil conservation tax credit fund are insufficient to pay the
23 credits in full, the credits shall be paid on a pro rata
24 basis.

25 Sec. 10. EFFECTIVE DATE. This Act takes effect January 1,
26 1987.

27 EXPLANATION

28 This bill establishes two soil conservation tax credits for
29 tracts of agricultural land which are converted from row crop
30 to grassland. To be eligible for the credits, row crop land
31 converted to grassland must remain grassland for a minimum of
32 ten years. The one-time tax credit is five dollars per acre
33 for row crop land converted to grassland. The annual credit
34 is one dollar per acre per year for no more than ten years.
35 If the row crop land does not remain dedicated as grassland

1 for ten years, the amount of all tax credits paid on the land
2 must be repaid. Application, approval, and appeal procedures
3 are provided for eligible landowners. A permanent soil
4 conservation tax credit fund is created.

5 This bill takes effect January 1, 1987.

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SENATE/HOUSE FILE _____
BY LIVESTOCK INDUSTRY
STUDY COMMITTEE

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to gasohol, by decreasing the tax on the fuel by
2 one cent per gallon.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 324.3, unnumbered paragraph 4, Code
2 Supplement 1985, is amended to read as follows:

3 For the privilege of operating motor vehicles in this state
4 an excise tax of fourteen cents per gallon beginning July 1,
5 1985 and ending December 31, 1985, and ~~fifteen~~ fourteen cents
6 per gallon beginning January 1, 1986 and ending June 30, 1992,
7 is imposed upon the use of gasohol used for any purpose except
8 as otherwise provided in this division.

9 EXPLANATION

10 This bill increases the favorable tax treatment of gasohol
11 by one cent per gallon.

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SENATE/HOUSE FILE _____
BY (PROPOSED IOWA LIVESTOCK
INDUSTRY STUDY COMMITTEE
BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to and creating a corn gluten feed subsidy
2 program, and providing for an appropriation.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 159.8 CORN GLUTEN FEED SUBSIDY.

2 1. As used in this section, "corn gluten feed" means the
3 by-product of wet corn milling which is a blend of the hulls,
4 evaporated steepwater, and corn germ meal.

5 2. Producers of corn gluten feed are eligible for a ten
6 dollar per ton subsidy for the first ten thousand tons of corn
7 gluten feed produced in this state after July 1, 1987.
8 Tonnage of the corn gluten feed shall be calculated on a dry
9 matter basis. Claims for subsidy payments shall be made as
10 provided in this section.

11 3. The secretary shall administer the corn gluten feed
12 subsidy program. The secretary shall approve forms for the
13 submission of subsidy claims and shall make the forms
14 available to producers of corn gluten feed. Upon verification
15 of a subsidy claim by the secretary, the secretary shall
16 certify a voucher for the subsidy claim to the state
17 comptroller.

18 4. There is hereby appropriated each year from the general
19 fund of the state an amount necessary to pay the corn gluten
20 feed subsidies.

21 EXPLANATION

22 This bill creates a corn gluten feed subsidy of ten dollars
23 per ton of corn gluten feed produced in this state after July
24 1, 1987. The feed tonnage is calculated on a dry matter
25 basis. The secretary of agriculture is responsible for
26 administering this subsidy. Provision is made for a standing
27 appropriation.

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1 and rural economic development policy).

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