

15E.111 Value-added agricultural products and processes financial assistance program.

1. The department shall establish a value-added agricultural products and processes financial assistance program. The department shall consult with the Iowa corn growers association and the Iowa soybean association. The purpose of the program is to encourage the increased utilization of agricultural commodities produced in this state. The program shall assist in efforts to revitalize rural regions of this state, by committing resources to provide financial assistance to new or existing value-added production facilities. In awarding financial assistance, the department shall commit resources to assist the following:

a. Facilities which are involved in the development of new innovative products and processes related to agriculture. The facility must do either of the following: produce a good derived from an agricultural commodity, if the good is not commonly produced from an agricultural commodity; or use a process to produce a good derived from an agricultural process, if the process is not commonly used to produce the good.

b. Renewable fuel production facilities. As used in this section, "*renewable fuel*" means an energy source which is derived from an organic compound capable of powering machinery, including an engine or power plant.

Financial assistance awarded under this section may be in the form of a loan, loan guarantee, grant, production incentive payment, or a combination of financial assistance. The department shall not award more than twenty-five percent of the amount allocated to the value-added agricultural products and processes financial assistance fund during any fiscal year to support a single person. The department may finance any size of facility. However, the department shall reserve up to fifty percent of the total amount allocated to the fund, for purposes of assisting persons requiring one hundred thousand dollars or less in financial assistance. The amount shall be reserved until the end of the third quarter of the fiscal year. The department shall not provide financial assistance to support a value-added production facility if the facility or a person owning a controlling interest in the facility has demonstrated a continuous and flagrant disregard for the health and safety of its employees or the quality of the environment. Evidence of such disregard shall include a history of serious or uncorrected violations of state or federal law protecting occupational health and safety or the environment, including but not limited to serious or uncorrected violations of occupational safety and health standards enforced by the division of labor services of the department of workforce development pursuant to chapter 84A, or rules enforced by the department of natural resources pursuant to chapter 455B or 459, subchapters II and III.

2. A person is eligible to apply for assistance under this section, if the person satisfies the following requirements:

a. The existing or proposed facility is located in this state.

b. The person applies to the department of economic development in a manner and according to procedures required by the department.

c. The person submits a business plan which demonstrates managerial and technical expertise.

3. The department of economic development shall grant financial assistance to a person determined by the department to be eligible to receive assistance under this section, upon review and evaluation of the person's application by the agricultural products advisory council as established in section 15.203. The department shall consider the council's evaluation in granting or denying assistance. The department shall not approve an application for assistance under this section to refinance an existing loan. The department shall not directly award financial assistance to support an activity directly related to farming as defined in section 9H.1, including the establishment or operation of a livestock production operation, regardless of whether the activity is related to a renewable fuel production facility.

4. The department shall select an applicant to receive financial assistance based on the following criteria:

- a. The feasibility of the existing or proposed facility to remain a viable enterprise and the degree to which the facility will increase the utilization of agricultural commodities produced in this state.
- b. The extent to which the existing or proposed facility is located in a rural region of the state.
- c. The proportion of local match to be contributed to the project.
- d. The level of need of the region where the existing facility is or the proposed facility is to be located.
- e. The degree to which the facility produces a coproduct which is marketed in the same locality as the facility.

5. An application based on innovation shall be considered if any of the following apply:

- a. The production process is not commonly available in this state.
- b. The product is not commonly produced in this state.

6. a. The department shall consider an application to assist a renewable fuel production facility. An application based on ethanol fuel production shall be considered by the department if all of the following apply:

(1) All fermentation, distillation, and dehydration of the ethanol will occur at the proposed facility.

(2) The ethanol produced at the proposed facility will be at least one hundred ninety proof and must be denatured. However, if the facility markets the ethanol for further refining, the facility must demonstrate that the refiner will produce one hundred ninety proof ethanol from the ethanol purchased from the facility.

b. The department shall give priority to supporting proposed renewable fuel production facilities which directly support livestock production operations. The highest priority shall be provided to a renewable fuel production facility which produces coproducts which are used to produce livestock raised in the same locality as the production facility. If the department has several proposals having the highest priority, a preference shall be given to a proposal in which the livestock operation:

(1) Is located in an agricultural area as provided in chapter 352.

(2) Is located in close proximity to and is an integral part of the renewable fuel production facility. However, the owner of the facility is not required to hold an interest in the land on which the livestock are produced. The livestock may be produced under the terms of a contract, in which a person regularly engaged in livestock production provides for the care and feeding of the livestock on behalf of the facility's owner.

c. The department shall cooperate with the office of renewable fuels and coproducts in order to carry out this subsection, as provided in section 159A.6B. The office shall be primarily responsible for providing technical expertise regarding the operation of a renewable fuel production facility, and specifically a facility which supports livestock production operations. The department shall cooperate with any contract consultant supported by the office as provided in section 159A.6B. The agricultural products advisory council as established in section 15.203 shall coordinate the activities of the department and the office. In administering this part of the program, the department and the office shall cooperate with the department of natural resources which shall assist an applicant in complying with all applicable environmental regulations. The department of natural resources shall acknowledge receipt of a completed application for a permit not later than two weeks following receipt of a completed application by the department. Within twelve weeks

following receipt of the application, the department shall issue the permit or reply to the applicant describing reasons why the permit cannot be issued.

7. The university of Iowa, Iowa state university, and the university of northern Iowa shall cooperate in assisting facilities receiving financial assistance under this section. Iowa state university, including the Iowa cooperative extension service in agriculture and home economics, shall cooperate in assisting each renewable fuel production facility supporting livestock operations, including advising producers regarding nutrition and management practices. Community colleges and private universities and colleges are not precluded from providing this assistance.

8. The department of economic development and the office of renewable fuels and coproducts shall prepare a report each six months detailing the progress of the department and other agencies provided in this section. The office of renewable fuels and coproducts, the department of natural resources, and Iowa state university may contribute a summary of their activities. The report shall be delivered to the secretary of the senate and the chief clerk of the house; the legislative services agency; the chairpersons and ranking members of the senate standing committee on agriculture; the senate standing committee on economic growth; the house of representatives standing committee on agriculture; and the house of representatives standing committee on economic growth.

90 Acts, ch 1138, § 2

C91, § 28.111

92 Acts, ch 1244, § 25

C93, § 15E.111

94 Acts, ch 1119, §5; 96 Acts, ch 1186, § 23; 2002 Acts, ch 1050, §5; 2002 Acts, ch 1162, §28; 2003 Acts, ch 35, §44, 49; 2003 Acts, ch 108, §9; 2003 Acts, 1st Ex, ch 1, §87, 133

[2003 Acts, 1st Ex, ch 1, §87, 133 amendments to subsection 1 stricken pursuant to *Rants v. Vilsack*, 684 N.W.2d 193]