

### 10.1 Definitions.

As used in [this chapter](#) and in [chapter 10B](#), unless the context otherwise requires:

1. “*Actively engaged in farming*” means that a natural person, including a shareholder or an officer, director, or employee of a corporation, or a member or manager of a limited liability company, does any of the following:
  - a. Inspects the production activities periodically and furnishes at least half of the value of the tools used for crop or livestock production and pays at least half the direct cost of crop or livestock production.
  - b. Regularly and frequently makes or takes an important part in making management decisions substantially contributing to or affecting the success of the farm operation.
  - c. Performs physical work which significantly contributes to crop or livestock production.
2. “*Agricultural land*” means the same as defined in [section 9H.1](#).
3. “*Authorized entity*” means an authorized farm corporation; authorized limited liability company; limited partnership, other than a family farm limited partnership; or an authorized trust as defined in [section 9H.1](#).
4. “*Commodity share landlord*” means a natural person or a general partnership as provided in [chapter 486A](#) in which all partners are natural persons, who owns at least one hundred fifty acres of agricultural land, if the owner receives rent on a commodity share basis, which may be either a share of the crops or livestock produced on the land.
5. “*Cooperative association*” means an entity which is structured and operated on a cooperative basis pursuant to 26 U.S.C. §1381(a) and which meets the definitional requirements of an association as provided in 12 U.S.C. §1141j(a) or 7 U.S.C. §291.
6. “*Family farm entity*” means a family farm corporation, family farm limited liability company, family farm limited partnership, or family trust, as defined in [section 9H.1](#).
7. “*Farm estate*” means the real and personal property of a decedent, a ward, or a trust as provided in [chapters 633](#) and [633A](#), if at least sixty percent of the gross receipts from the estate comes from farming.
8. “*Farmers cooperative association*” means a cooperative association organized under [chapter 490](#) or [499](#), if all of the following conditions are satisfied:
  - a. All of the following apply:
    - (1) Qualified farmers must hold at least a fifty-one percent equity interest in the cooperative association, including fifty-one percent of each class of members’ equity.
    - (2) The following persons must hold at least a seventy percent equity interest in the cooperative association, including seventy percent of each class of members’ equity:
      - (a) A qualified farmer.
      - (b) A family farm entity.
      - (c) A commodity share landlord.
  - b. As used in [this subsection](#), “*members’ equity*” includes but is not limited to issued shares, including common stock or preferred stock, regardless of a right to receive dividends or earning distributions. However, “*members’ equity*” does not include nonvoting common stock or nonvoting membership interests. A security such as a warrant or option that may be converted to voting stock shall be considered as issued shares.
  - c. For purposes of [this subsection](#), a person who was a qualified person within the last ten years shall be treated as a qualified person.
9. a. “*Farmers cooperative limited liability company*” means a limited liability company organized under [chapter 489](#), if cooperative associations hold one hundred percent of all membership interests in the limited liability company. Farmers cooperative associations must hold at least seventy percent of all membership interests in the limited liability company. If more than one type of membership interest is established, farmers cooperative associations must hold at least seventy percent of all membership interests of each type.
  - b. As used in paragraph “a”, a type of membership interest in a limited liability company includes a protected series as provided in [chapter 489, subchapter XIV](#).
10. “*Farmers entity*” means a networking farmers entity, farmers cooperative limited liability company, or farmers cooperative association.
11. “*Farming*” means the same as defined in [section 9H.1](#).

12. “Grain” means the same as defined in [section 203.1](#).

13. “Intra-company loan agreement” means an agreement involving a loan, if the parties to the agreement are members of the same farmers cooperative limited liability company, and according to the terms of the loan a member which is a regional cooperative association directly or indirectly loans money to a member which is a farmers cooperative association, on condition that the money, including any interest, must be repaid by the member which is a farmers cooperative association to the regional cooperative association or another person. A loan agreement does not include an operating loan agreement, in which all of the following apply:

a. The money is required to be repaid within ninety days from the date that the farmers cooperative association receives the money, and the money is actually repaid by that date.

b. The money is used to pay for reasonable and ordinary expenses of the farmers cooperative association in conducting its affairs.

14. “Livestock” means an animal belonging to the bovine, caprine, equine, ovine, or porcine species, ostriches, rheas, emus, farm deer as defined in [section 170.1](#), or poultry.

15. “Networking farmers corporation” means a corporation, other than a family farm corporation as defined in [section 9H.1](#), organized under [chapter 490](#) if all of the following conditions are satisfied:

a. All of the following apply:

(1) Qualified farmers must hold at least fifty-one percent of all issued shares of the corporation. If more than one class of shares is authorized, qualified farmers must hold at least fifty-one percent of all issued shares in each class.

(2) Qualified persons must hold at least seventy percent of all issued shares of the corporation. If more than one class of shares is authorized, qualified persons must hold at least seventy percent of all issued shares in each class.

b. As used in paragraph “a”, “issued shares” includes but is not limited to common stock or preferred stock, or each class of common stock or preferred stock, regardless of voting rights or a right to receive dividends or earning distributions. A security such as a warrant or option that may be converted to stock shall be considered as issued shares.

16. “Networking farmers entity” means a networking farmers corporation or networking farmers limited liability company.

17. “Networking farmers limited liability company” means a limited liability company, other than a family farm limited liability company as defined in [section 9H.1](#), organized under [chapter 489](#) if all of the following conditions are satisfied:

a. (1) Qualified farmers must hold at least fifty-one percent of all membership interests in the limited liability company. If more than one type of membership interest is established, qualified farmers must hold at least fifty-one percent of all membership interests of each type.

(2) Qualified persons must hold at least seventy percent of all membership interests in the limited liability company. If more than one type of membership interest is established, qualified persons must hold at least seventy percent of all membership interests of each type.

b. As used in paragraph “a”, a type of membership interest in a limited liability company includes a protected series of a series limited liability company as provided in [chapter 489, subchapter XIV](#).

18. “Operation of law” means a transfer by inheritance, devise, or bequest, court order, dissolution decree, order in bankruptcy, insolvency, replevin, foreclosure, execution sale, the execution of a judgment, the foreclosure of a real estate mortgage, the forfeiture of a real estate contract, or a transfer resulting from a decree for specific performance.

19. “Qualified farmer” means any of the following:

a. A natural person actively engaged in farming.

b. A general partnership as provided in [chapter 486A](#) in which all partners are natural persons actively engaged in farming.

c. A farm estate.

20. “Qualified commodity share landlord” means a commodity share landlord, if the owner of the agricultural land was actively engaged in farming the land or a family member of the owner is or was actively engaged in farming the land, if the family member is related to the

owner as a spouse, parent, grandparent, lineal ascendant of a grandparent or spouse, or other lineal descendant of a grandparent or spouse.

21. “*Qualified person*” means a person who is any of the following:

- a. A qualified farmer.
- b. A family farm entity.
- c. A qualified commodity share landlord.

22. “*Regional cooperative association*” means a cooperative association other than a farmers cooperative association.

98 Acts, ch 1110, §101, 301; 2002 Acts, ch 1119, §114, 115; 2003 Acts, ch 149, §1, 23; 2005 Acts, ch 38, §55; 2008 Acts, ch 1162, §125, 126, 154, 155; 2009 Acts, ch 133, §4; 2015 Acts, ch 29, §2; 2019 Acts, ch 26, §42, 53; 2021 Acts, ch 80, §3; 2022 Acts, ch 1032, §4; 2023 Acts, ch 152, §146, 147, 161

Referred to in §10B.1, 10D.1, 15E.202, 202B.102, 502.102

2023 amendments to section effective January 1, 2024; 2023 Acts, ch 152, §161

Subsection 9, paragraph b amended

Subsection 17, paragraph b amended