265—44.2(16) Definitions.

"Act" means Iowa Code chapter 16.

"Agricultural asset" means agricultural land located in this state, including any agricultural improvements, machinery, equipment, and other depreciable agricultural property.

"Agricultural development board" or *"IAD board"* means the agricultural development board created in Iowa Code section 16.2C and described in rule 265—44.1(16).

"Agricultural improvements" means any improvements, buildings, structures or fixtures suitable for use in farming which are located on agricultural land. "Agricultural improvements" includes a single-family dwelling located on agricultural land which is or will be occupied by the beginning farmer and structures attached to or incidental to the use of the dwelling.

"Agricultural land" means land located in Iowa suitable for use in farming and which is or will be operated as a farm.

"Agricultural lease agreement" or *"agreement"* means an agreement for the transfer of agricultural assets, that must at least include a lease of agricultural land, from an eligible taxpayer to a qualified beginning farmer as provided in 2019 Iowa Acts, House File 768, section 9.

"Application" means a completed instrument on a form approved by IADD.

"Authority" means the Iowa finance authority created in Iowa Code section 16.1A.

"Beginning farmer" means an individual, partnership, family farm corporation, or family farm limited liability company, with a low or moderate net worth that engages in farming or wishes to engage in farming.

"BFLP" means beginning farmer loan program.

"BFLP beginning farmer" means a beginning farmer who also meets the requirements of a first-time farmer as defined in Section 147(c) of the Internal Revenue Code.

"BFTC" means beginning farmer tax credit program.

"Bond purchaser" means any lender or any person, as defined in Iowa Code section 4.1(20), who purchases an authority bond under the individual agricultural development bond program.

"Cash rent agreement" means an agreement whereby operation of the agricultural asset is transferred via a fixed cash payment per annum.

"Commodity share agreement" means an agreement whereby operation of the agricultural asset is transferred via a risk-sharing mechanism, whereby the agricultural asset owner receives a portion of the production as payment for use of the agricultural asset.

"Eligible taxpayer" means a taxpayer who is eligible to participate in the beginning farmer tax credit program, including by meeting all the criteria provided in paragraph 44.6(1)*"a."*

"Farm" means a farming enterprise which is generally recognized as a farm rather than a rural residence.

"Farming" means the cultivation of land for the production of agricultural crops, the raising of poultry, the production of eggs, the production of milk, the production of fruit or other horticultural crops, grazing, the production of livestock, aquaculture, hydroponics, the production of forest products, or other activities designated by the authority.

"Flex lease agreement" means an agreement whereby operation of the agricultural asset is transferred via a combination of fixed cash payments and, at times, additional payment based on the production or other variables.

"IADD" means the Iowa agricultural development division of the Iowa finance authority.

"Lender" means any regulated bank, trust company, bank holding company, mortgage company, national banking association, savings and loan association, life insurance company, state or federal governmental agency or instrumentality, or other financial institution or entity authorized and able to make mortgage loans or secured loans in this state.

"Low or moderate net worth" means a net worth that does not exceed the maximum allowable net worth defined in this rule.

"LPP" means loan participation program.

"LPP loan" means the "last-in/last-out" loan participation requested by the lender from the authority.

"Maximum allowable net worth" means the maximum allowable net worth for each calendar year, which shall be increased or decreased from the previous year by an amount equal to the percentage increase or decrease (September to September) in the United States Department of Agriculture "Index of Prices Paid for Commodities and Services, Interest, Taxes, and Farm Wage Rates" reported as of October 1 of the immediately preceding calendar year. The maximum allowable net worth will be rounded to the nearest thousand dollars. The authority will post the maximum allowable net worth for each calendar year on its website at www.iowafinanceauthority.gov.

"Net worth" means total assets minus total liabilities as determined in accordance with generally accepted accounting principles with appropriate exceptions and exemptions reasonably related to an equitable determination of the net worth of the individual, partnership, limited liability company or corporation. Assets shall be valued at fair market value.

"Participated loan" means a loan or loans, any portion of which is participated to the authority by the lender.

"Qualified beginning farmer" means a beginning farmer who is eligible to participate in the beginning farmer tax credit program by meeting the criteria set forth in paragraph 44.6(1)*"b."*

"Total assets" means all assets including but not limited to cash, crops or feed on hand, livestock held for sale, breeding stock, marketable bonds and securities, securities not readily marketable, accounts receivable, notes receivable, cash invested in growing crops, net cash value of life insurance, machinery, equipment, cars, trucks, farm and other real estate including life estates and personal residence, value of beneficial interest in a trust, government payments or grants, and any other assets.

"Total assets" shall not include items used for personal, family or household purposes by the applicant; but in no event shall any property be excluded, to the extent a deduction for depreciation is allowable for federal income tax purposes. All assets shall be valued at fair market value by the lender. The value shall be what a willing buyer would pay a willing seller in the locality. A deduction of 10 percent may be made from fair market value of farm and other real estate.

"Total liabilities" means all liabilities including but not limited to accounts payable, notes or other indebtedness owed, taxes, rent, amount owed on any real estate contract or real estate mortgage, judgments, accrued interest payable, and any other liabilities. Liabilities shall be determined on the basis of generally accepted accounting principles.

In only those cases where the liabilities include an amount for deferred tax liability that causes the applicant's net worth to change from exceeding the maximum allowable net worth to an amount no greater than the maximum allowable net worth, the applicant is required to have a certified public accountant prepare the financial statement and provide supporting calculations and documentation acceptable to the board.

"USDA" means the United States Department of Agriculture.

"USDA-NASS" means the United States Department of Agriculture's National Agricultural Statistics Service.

[**ARC 1112C**, IAB 10/16/13, effective 9/26/13; **ARC 1400C**, IAB 4/2/14, effective 5/7/14; **ARC 2009C**, IAB 5/27/15, effective 7/1/15; **ARC 2226C**, IAB 10/28/15, effective 12/2/15; **ARC 4902C**, IAB 2/12/20, effective 3/18/20]