

House Amendment 3376

Amendment Text

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1 1 Amend [House File 163](#) as follows:
1 2 #1. By striking everything after the enacting
1 3 clause, and inserting the following:
1 4 "Section 1. NEW SECTION. 9I.1 DEFINITIONS.
1 5 As used in this chapter, unless the context
1 6 otherwise requires:
1 7 1. "Agricultural land" means land suitable for use
1 8 in farming.
1 9 2. "Authorized trust" means a trust other than a
1 10 family trust in which all of the following apply:
1 11 a. The beneficiaries do not exceed twenty-five in
1 12 number.
1 13 b. The beneficiaries are all natural persons, who
1 14 are not acting as a trustee or in a similar capacity
1 15 for a trust, or persons acting in a fiduciary
1 16 capacity, or nonprofit corporations.
1 17 c. Its income is not exempt from taxation under
1 18 the laws of either the United States or this state,
1 19 except that its income may be exempt from taxation
1 20 under sections 501(c)(3) and 509(a)(3) of the Internal
1 21 Revenue Code.
1 22 3. "Corporation" shall mean any corporation or
1 23 limited liability company organized under the laws of
1 24 any state of the United States or any partnership of
1 25 which such corporation is a partner.
1 26 4. "Family farm corporation" means a corporation
1 27 engaged in farming or the ownership of agricultural
1 28 land in which the majority of the voting stock is held
1 29 by members of a family, or a trust created for the
1 30 benefit of a member of that family, related to one
1 31 another within the fourth degree of kindred according
1 32 to the rules of civil law, or their spouses, at least
1 33 one of whom is a person residing on or actively
1 34 engaged in the day-to-day labor and management of the
1 35 farm, and none of whose stockholders are nonresident
1 36 aliens and none of whose stockholders are corporations
1 37 or partnerships, unless all of the stockholders or
1 38 partners of such entities are persons related within
1 39 the fourth degree of kindred according to the rules of
1 40 civil law to the majority of stockholders in the
1 41 family farm corporation.
1 42 5. "Family trust" means a trust in which both of
1 43 the following are applicable:
1 44 a. A majority interest in the trust is held by and
1 45 the majority of the beneficiaries are persons related
1 46 to each other as spouse, parent, grandparent, lineal
1 47 descendants of grandparents, or their spouses, and
1 48 other lineal descendants of the grandparents or their
1 49 spouses, or persons acting in a fiduciary capacity for
1 50 persons so related.
2 1 b. All the beneficiaries are natural persons, who
2 2 are not acting as a trustee or in a similar capacity
2 3 for a trust, or persons acting in a fiduciary
2 4 capacity, or nonprofit corporations.
2 5 6. "Farming" means the cultivation of land for the
2 6 production of agricultural crops, the raising of
2 7 poultry, the production of eggs, the production of

2 8 milk, the production of fruit or other horticultural
2 9 crops, the grazing or the production of livestock.
2 10 Farming does not include the production of timber,
2 11 forest products, nursery products, or sod. Farming
2 12 also does not include a contract under which a
2 13 processor or distributor of farm products or supplies
2 14 provides spraying, harvesting, or other farm services.

2 15 7. "Fiduciary capacity" means an undertaking to
2 16 act as executor, administrator, personal
2 17 representative, guardian, conservator, or receiver.

2 18 8. "Processor" means a person who alone or in
2 19 conjunction with others, directly or indirectly
2 20 controls the manufacturing, processing, or preparation
2 21 for sale of beef or pork products having a total
2 22 annual wholesale value of ten million dollars or more.
2 23 Any person with a ten percent or greater interest in
2 24 another person, firm, corporation, limited liability
2 25 company, or limited partnership involved in the
2 26 manufacturing, processing, or preparation for sale of
2 27 beef or pork products having a total annual wholesale
2 28 value of ten million dollars or more shall also be
2 29 considered a processor.

2 30 9. "Syndicate" means any limited partnership
2 31 organized under the laws of any state of the United
2 32 States, other than limited partnerships in which the
2 33 partners are members of a family, or a trust created
2 34 for the benefit of a member of that family, related to
2 35 one another within the fourth degree of kindred
2 36 according to the rules of civil law, or their spouses,
2 37 at least one of whom is a person residing on or
2 38 actively engaged in the day-to-day labor and
2 39 management of the farm, and none of whom are
2 40 nonresident aliens. "Syndicate" does not include
2 41 general partnerships.

2 42 10. "Testamentary trust" means a trust created by
2 43 devising or bequeathing property in trust in a will as
2 44 such terms are used in the Iowa probate code.
2 45 Testamentary trust includes a revocable trust that has
2 46 not been revoked prior to the grantor's death.

2 47 11. "Trust" means a fiduciary relationship with
2 48 respect to property, subjecting the person by whom the
2 49 property is held to equitable duties to deal with the
2 50 property for the benefit of another person, which
3 1 arises as a result of a manifestation of an intention
3 2 to create the trust. "Trust" does not include a
3 3 person acting in a fiduciary capacity. A trustee
3 4 includes a legal entity holding property as trustee,
3 5 agency, escrow agency, attorney in fact, or any
3 6 similar capacity.

3 7 Sec. 2. NEW SECTION. 9I.2 CORPORATIONS ACQUIRING
3 8 AN INTEREST IN REAL ESTATE USED FOR FARMING.

3 9 1. A corporation or syndicate shall not acquire or
3 10 otherwise obtain an interest, whether legal,
3 11 beneficial, or otherwise, in any title to real estate
3 12 used for farming in this state and shall not engage in
3 13 farming.

3 14 2. The restrictions in this section shall not
3 15 apply to any of the following:

- 3 16 a. A family farm corporation.
- 3 17 b. A nonprofit corporation.
- 3 18 c. Agricultural land which, as of the effective
3 19 date of this Act, is being farmed, or which is owned
3 20 or leased, or in which there is a legal or beneficial
3 21 interest in title directly or indirectly owned,
3 22 acquired, or obtained by a corporation or syndicate,
3 23 as long as such land or other interest in title is
3 24 held in continuous ownership or under continuous lease

3 25 by the same corporation or syndicate. For purposes of
3 26 this paragraph, land purchased on a contract signed as
3 27 of the effective date of this Act, shall be considered
3 28 as owned on the effective date of this Act.

3 29 d. A farm operated for research or experimental
3 30 purposes, if any commercial sales from such farm are
3 31 only incidental to the research or experimental
3 32 objectives of the corporation or syndicate.

3 33 e. Agricultural land operated by a cooperation for
3 34 the purpose of raising poultry.

3 35 f. Land leased by alfalfa processors for the
3 36 production of alfalfa.

3 37 g. Agricultural land operated for the purpose of
3 38 growing seed, nursery plants, or sod.

3 39 h. Mineral rights on agricultural land.

3 40 i. Agricultural land acquired or leased by a
3 41 corporation or syndicate for immediate or potential
3 42 use for nonfarming purposes. A corporation or
3 43 syndicate may hold such agricultural land in such
3 44 acreage as may be necessary to its nonfarm business
3 45 operation, but pending the development of such
3 46 agricultural land for nonfarm purposes, not to exceed
3 47 a period of five years, such land shall not be used
3 48 for farming except under lease to a family farm
3 49 corporation or a nonsyndicate or noncorporate farm.

3 50 j. Agricultural land or livestock acquired by a
4 1 corporation or syndicate by process of law in the
4 2 collection of debts, or by any procedure for the
4 3 enforcement of a lien, encumbrance, or claim thereof,
4 4 whether created by mortgage or otherwise. Any lands
4 5 so acquired shall be disposed of within a period of
4 6 five years and shall not be used for farming prior to
4 7 being disposed of, whether under a lease to a family
4 8 farm corporation or a nonsyndicate or noncorporate
4 9 farm.

4 10 k. A bona fide encumbrance taken for purposes of
4 11 security.

4 12 l. Custom spraying, fertilizing, or harvesting.

4 13 m. Livestock futures contracts, livestock
4 14 purchased for slaughter, or livestock purchased and
4 15 resold within two weeks.

4 16 3. If a family farm corporation which is qualified
4 17 under all the requirements of a family farm
4 18 corporation, ceases to meet the defined criteria, the
4 19 family farm corporation shall have fifty years, if the
4 20 ownership of the majority of the stock of such
4 21 corporation continues to be held by persons related to
4 22 one another within the fourth degree of kindred
4 23 according to the rules of civil law or their spouses,
4 24 and their landholders are not increased in number, to
4 25 either requalify as a family farm corporation or
4 26 dissolve and return to personal ownership.

4 27 4. The secretary of state shall monitor corporate
4 28 and syndicate agricultural land purchases and
4 29 corporate and syndicate farming operations, and notify
4 30 the attorney general of any possible violations. If
4 31 the attorney general has reason to believe that a
4 32 corporation or syndicate is violating this section,
4 33 the attorney general shall commence an action in
4 34 district court to enjoin any pending illegal land
4 35 purchase, or livestock operation, or to force
4 36 divestiture of land held in violation of this section.
4 37 The court shall order any land held in violation of
4 38 this section to be divested within two years. If land
4 39 so ordered by the court has not been divested within
4 40 two years, the court shall declare the land escheated
4 41 to the state. If the secretary of state or attorney

4 42 general fails to perform a duty as directed in this
4 43 section, a citizen of the state shall have standing in
4 44 district court to seek enforcement.

4 45 Sec. 3. NEW SECTION. 9I.3 TRUSTS ACQUIRING AN
4 46 INTEREST IN REAL ESTATE USED FOR FARMING.

4 47 1. A trust, other than a family trust, authorized
4 48 trust, or testamentary trust, shall not either
4 49 directly or indirectly acquire or otherwise obtain or
4 50 lease any agricultural land in this state. However,
5 1 this section shall not apply to any of the following:

5 2 a. A bona fide encumbrance taken for purposes of
5 3 security.

5 4 b. Agricultural land acquired by a trust for
5 5 research or experimental purposes, if the commercial
5 6 sales from such agricultural land are incidental to
5 7 the research or experimental objectives of the trust,
5 8 and agricultural land acquired for the purpose of
5 9 testing, developing, or producing seeds, animals, or
5 10 plants for sale or resale to farmers or for purposes
5 11 incidental to such purposes. Commercial sales are
5 12 incidental to the research or experimental objectives
5 13 of the trust when they are less than twenty-five
5 14 percent of the gross sales of the primary product of
5 15 the research.

5 16 c. Agricultural land which is acquired by a trust
5 17 company or bank in a fiduciary capacity or as trustee
5 18 or a family trust, authorized trust, or testamentary
5 19 trust.

5 20 d. Agricultural land held or leased by a trust on
5 21 the effective date of this Act, as long as the trust
5 22 holding or leasing the land on the effective date of
5 23 this Act continues to hold or lease the agricultural
5 24 land.

5 25 e. Agricultural land acquired by a trust for
5 26 immediate use in nonfarming purposes.

5 27 f. Any property held by the state.

5 28 2. Any trust, other than a family trust,
5 29 authorized trust, or testamentary trust, violating
5 30 this section shall upon conviction be punished by a
5 31 fine of not more than fifty thousand dollars and shall
5 32 divest itself of any land acquired in violation of
5 33 this section within one year after conviction. The
5 34 district court may prevent and restrain violations of
5 35 this section through the issuance of an injunction.
5 36 The attorney general or a county attorney shall
5 37 institute suits on behalf of the state to prevent and
5 38 restrain violations of this section.

5 39 3. The county assessor shall forward to the
5 40 secretary of state, by October 1 of each year, the
5 41 name and address of every trust owning agricultural
5 42 land in the county.

5 43 Sec. 4. TRANSFER. The Code editor is directed to
5 44 transfer sections 9H.2, 9H.3, 9H.5B, 9H.9, and 9H.11
5 45 to new chapter 9I, and reorganize the sections in
5 46 order to enhance the readability of the new chapter.

5 47 Sec. 5. CODE EDITOR. The Code editor is directed
5 48 to make any corrections to internal references in the
5 49 substantive Code editor's bill during the 1996
5 50 legislative session.

6 1 Sec. 6. REPEAL. Section 9H.1, 9H.4, 9H.5, 9H.5A,
6 2 9H.6, 9H.10, 9H.14, and 9H.15, Code 1995, are
6 3 repealed."

6 4 #2. Title page, line 1, by inserting after the
6 5 word "for" the following: "certain entities and for".

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6 8 _____

6 9 [WEIGEL](#) of Chickasaw
6 10 [HF 163](#).303 76
6 11 da/cf