

JAN 1978

Calendar

HOUSE FILE 2021

BY COMMITTEE ON AGRICULTURE

Passed House, Date 2-9-78 (7.407) Passed Senate, Date \_\_\_\_\_

Vote: Ayes 41 Nays 4 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

*Motion to reconsider 2/13 w/R 2/13*

## A BILL FOR

1 An Act relating to definitions pertaining to corporate farming,  
2 restrictions on agricultural land holdings, and providing  
3 penalties for violations of the corporate farming Act.

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

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1 Section 1. Section one hundred seventy-two C point one  
2 (172C.1), Code 1977, as amended by Acts of the Sixty-seventh  
3 General Assembly, 1977 Session, chapter eighty-two (82), is  
4 amended by adding the following new subsection.

5 NEW SUBSECTION. "Actively engaged in farming" means that  
6 a natural person:

- 7 1. Inspects the production activities periodically; and
- 8 2. Furnishes at least half of the value of the tools,  
9 equipment and livestock used in the farm operation; and
- 10 3. Pays at least half the direct cost of production; or
- 11 4. Regularly and frequently makes or takes an important  
12 part in making management decisions substantially contribut-  
13 ing to or affecting the success of the farm operation; or
- 14 5. Performs physical work which significantly contri-  
15 butes to crop or livestock production.

16 Sec. 2. Section one hundred seventy-two C point four  
17 (172C.4), subsection two (2), Code 1977, is amended by ad-  
18 ding the following new paragraph:

19 NEW PARAGRAPH. On or after January 1, 1978 the agricultural  
20 lands acquired, other than by a lease not to exceed five  
21 years, under this subsection shall not exceed six hundred  
22 forty acres.

23 Sec. 3. Section one hundred seventy-two C point four  
24 (172C.4), Code 1977, as amended by Acts of the Sixty-seventh  
25 General Assembly, 1977 Session, chapter eighty-two (82), is  
26 amended by adding the following new subsection:

27 NEW SUBSECTION. Any corporation, other than a family farm  
28 corporation or an authorized farm corporation, violating the  
29 provisions of this section shall upon conviction, be punished  
30 by a fine of not more than fifty thousand dollars and shall  
31 divest itself of any land acquired in violation of this section  
32 within one year after conviction. The courts of this state  
33 may prevent and restrain violations of this section through  
34 the issuance of an injunction. The attorney general or a  
35 county attorney shall institute suits on behalf of the state

1 to prevent and restrain violations of this section.  
 2 Sec. 4. Section one hundred seventy-two C point eleven  
 3 (172C.11), Code 1977, is amended to read as follows:  
 4 172C.11 PENALTIES--REPORTS. ~~Willful-failure~~ Failure to  
 5 file a required report as provided by this chapter, or the  
 6 ~~willful~~ filing of false information, ~~is a public-offense.~~  
 7 ~~A person found guilty of violating this section shall be~~  
 8 ~~subject to a fine~~ punishable by a civil fine not to exceed  
 9 one thousand dollars. For purposes of this section, no report  
 10 shall be considered filed if it is received by the secretary  
 11 of state after May first of the year in which it is required  
 12 to be filed.

EXPLANATION

13  
 14 It defines actively engaged in farming; provides penalties  
 15 for failure to report and prohibits corporations, other than  
 16 family farm corporations or authorized farm corporations not  
 17 exempted under chapter 172C of the Code from acquiring  
 18 additional agricultural land after August 15, 1975. The bill  
 19 also limits the increase of agricultural lands acquired by  
 20 a corporation for research or experimental purposes to six  
 21 hundred forty acres unless the land is acquired under a lease  
 22 not to exceed five years.

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HOUSE FILE 2021

H-5266

1 Amend House File 2021 as follows:  
2 i. Page 2, by inserting after line 12 the  
3 following:  
4 "Sec. \_\_\_\_ Chapter one hundred seventy-two C  
5 (172C), Code 1977, is amended by adding the following  
6 new section:  
7 NEW SECTION. RULE OF PERPETUITIES. An express  
8 trust whose corpus contains agricultural land, shall  
9 be subject to the rule respecting remoteness known  
10 as the rule of perpetuities as defined in section  
11 five hundred fifty-eight point sixty-eight (558.68)  
12 of the Code."

H-5266 FILED. *Ruled not* BY BENNETT of Ida  
FEBRUARY 8, 1978 *German* HUSAK of Tama  
*2/9 (405)*

1 Amend House File 2021 as follows:

2 1. Page 2, by inserting after line 1 the following  
3 sections:

4 "Sec. \_\_\_\_\_. Section one hundred seventy-two C  
5 point five (172C.5), unnumbered paragraph one (1),  
6 Code 1977, as amended by chapter eighty-two (82),  
7 section seven (7) of the Acts of the Sixty-seventh  
8 General Assembly, 1977 Session, is amended to read  
9 as follows:

10 All corporations, except a corporation which has  
11 its total holdings of agricultural land within the  
12 boundaries of a municipal corporation, which own or  
13 lease agricultural land in the state of Iowa, or which  
14 own or lease any land on which poultry or livestock  
15 are confined for feeding or other purposes for ten  
16 days or more, or which contract for keeping and feeding  
17 poultry or livestock, or which contract for the growing  
18 of agricultural crops, fruits or other horticultural  
19 products in the state of Iowa, shall file with their  
20 annual report, on forms approved pursuant to the  
21 provisions of chapter 17A and supplied by the secretary  
22 of state, the following information, unless otherwise  
23 provided:

24 Sec. \_\_\_\_\_. Section one hundred seventy-two C point  
25 five (172C.5), subsection two (2), Code 1977, is  
26 amended to read as follows:

27 2. The acreage and location listed by township  
28 and county, ~~or legally described urban plat of each~~  
29 ~~lot or parcel~~ of agricultural land in this state owned  
30 or leased by the corporation at the end of the  
31 preceding fiscal or calendar year.

32 Sec. \_\_\_\_\_. Section one hundred seventy-two C point  
33 five (172C.5), subsection ten (10), unnumbered  
34 paragraph two (2), Code 1977, is amended to read as  
35 follows:

36 This section shall not apply to land held for the  
37 purpose of railroad or highway rights of way, ~~nor~~  
38 ~~shall it apply to lots within city limits which are~~  
39 ~~smaller than twenty acres.~~

40 Sec. \_\_\_\_\_. Section one hundred seventy-two C point  
41 six (172C.6), subsection three (3), Code 1977, is  
42 amended to read as follows:

43 3. The acreage and location listed by township  
44 and county, ~~or legally described urban plat,~~ of each  
45 lot or parcel of agricultural land in this state owned  
46 or leased by the limited partnership at the end of  
47 the preceding calendar or fiscal year."

H-5242

- 1 Amend the Harbor amendment, H-5237, to House File  
 2 2021, as follows:  
 3 1. Page 1, by adding after line 24 the following:  
 4 "Sec. \_\_\_\_\_. Section five hundred sixty-seven point  
 5 one (567.1), Code 1977, is amended by adding the  
 6 following new unnumbered paragraph:  
 7 NEW UNNUMBERED PARAGRAPH. Any corporation owning  
 8 real estate in violation of this section on the  
 9 effective date of this Act may continue to hold such  
 10 property until it shall sell or dispose of property  
 11 so as not to be in violation of this section."

H-5242 FILED - *Adopted 2/7* BY HARBOR of Mills  
 FEBRUARY 7, 1978 *(p. 275)*

## HOUSE FILE 2021

H-5243

- 1 Amend H- 5158 to House File 2021 as follows:  
 2 1. Page 1, line 32, by striking the word "shall"  
 3 and inserting in lieu thereof the word "may".

H-5243 FILED - *Lost 2/7 (372)* BY MONROE of Des Moines  
 FEBRUARY 7, 1978

## HOUSE FILE 2021

H-5244

- 1 Amend H-5158 to page 2 of House File 2021 as  
 2 follows:  
 3 1. Page 1, line 15, by inserting after the word  
 4 "consideration" the words "but shall not mean the offer  
 5 to buy and acceptance".

H-5244 FILED - *Adopted 2/7* BY NIELSEN of Polk  
 FEBRUARY 7, 1978 *(272)*

## HOUSE FILE 2021

H-5245

- 1 Amend H-5158 to House File 2021 as follows:  
 2 1. Page 1, by inserting after line 40 the  
 3 following:  
 4 "Failure to timely file, shall not invalidate  
 5 an otherwise valid conveyance."

H-5245 FILED - *Adopted 2/7* BY DAGGETT of Adams  
 FEBRUARY 7, 1978 *(272)*

## HOUSE FILE 2021

H-5246

- 1 Amend H-5158 to House File 2021 as follows:  
 2 1. Page 1, line 18, by inserting after the word  
 3 "conveyed" the words "to or by a person subject to  
 4 the reporting requirements of Chapter 172.C of the Code".

H-5246 FILED *#12 2/7 (373)* BY CONLON of Muscatine  
 FEBRUARY 7, 1978

HOUSE FILE 2021

H-5237

Amend House File 2021 as follows:

1. Page 2, by inserting after line 12 the following section:

"Sec. \_\_\_\_\_. Section five hundred sixty-seven point one (567.1), unnumbered paragraphs one (1) and three (3), Code 1977, are amended to read as follows:  
Nonresident aliens, or corporations incorporated under the laws of any foreign country, or corporations organized in this country—~~one-half~~ more than forty-nine percent of the stock of which is owned or controlled by nonresident aliens, are prohibited from acquiring title to or holding any real estate in this state, except as hereinafter provided.

Nothing in this section contained shall prevent aliens, or corporations organized under the laws of any foreign country, or corporations organized in this country, ~~one-half or more~~ forty-nine percent or less of the stock of which is owned or controlled by nonresident aliens, from having title to or acquiring property of any kind within the corporate limits of any city in the state, and lands not to exceed six hundred forty acres outside the corporate limits of any city in the state, or from alienating, mortgaging or devising the same."

H-5237 FILED *Rule 27* BY HARBOR of Mills  
FEBRUARY 7, 1978 *Germane 2/7 (p. 376)*

HOUSE FILE 2021

H-5240

Amend amendment H-5219 to House File 2021 as follows:

1. Page 1, line 15, by striking the words "minor child" and inserting in lieu thereof the words "lineal descendant".

2. Page 1, line 29, by striking the words "minor child" and inserting in lieu thereof the words "lineal descendant".

H-5240 FILED *Order of* BY SCHROEDER of Pottawattamie  
FEBRUARY 7, 1978 *order 2/9*  
*(p. 406)*

H-5236

1 Amend House File 2021 as follows:

2 1. Page 2, by inserting after line 1 the following  
3 sections:

4 "Sec. \_\_\_\_\_. Section one hundred seventy-two C  
5 point five (172C.5), unnumbered paragraph one (1),  
6 Code 1977, is amended to read as follows:

7 All corporations, except where the corporation  
8 is acting in a fiduciary capacity, or when the  
9 corporation's total holdings of agricultural land  
10 are within the boundaries of a municipal corporation,  
11 which own or lease agricultural land in the state  
12 of Iowa, or which own or lease any land on which  
13 poultry or livestock are confined for feeding or other  
14 purposes for ten days or more, or which contract for  
15 keeping and feeding poultry or livestock, or which  
16 contract for the growing of agricultural crops, fruits  
17 or other horticultural products in the state of Iowa,  
18 shall file with their annual report, on forms approved  
19 pursuant to the provisions of chapter 17A and supplied  
20 by the secretary of state, the following additional  
21 information, unless otherwise provided:

22 Sec. \_\_\_\_\_. Section one hundred seventy-two C point  
23 five (172C.5), subsection two (2), Code 1977, is  
24 amended to read as follows:

25 2. The acreage and location listed by township  
26 and county, ~~or legally described urban plat of each~~  
27 ~~lot or parcel~~ of agricultural land in this state owned  
28 or leased by the corporation at the end of the  
29 preceding fiscal or calendar year.

30 Sec. \_\_\_\_\_. Section one hundred seventy-two C point  
31 five (172C.5), subsection ten (10), unnumbered  
32 paragraph two (2), Code 1977, is amended to read as  
33 follows:

34 This section shall not apply to land held for the  
35 purpose of railroad or highway rights of way, ~~nor~~  
36 ~~shall it apply to lots within city limits which are~~  
37 ~~smaller than twenty acres.~~

38 Sec. \_\_\_\_\_. Section one hundred seventy-two C point  
39 six (172C.6), subsection three (3), Code 1977, is  
40 amended to read as follows:

41 3. The acreage and location listed by township  
42 and county, ~~or legally described urban plat,~~ of each  
43 lot or parcel of agricultural land in this state owned  
44 or leased by the limited partnership at the end of  
45 the preceding calendar or fiscal year."

H-5236 FILED - w/d 2/9 BY HARVEY of Scott  
FEBRUARY 7, 1978 (p. 401)

H-5208

- Amend amendment H-5158 to House File 2021 as follows:
1. Page 1, line 13, by inserting after the word "transfer" the following: ", other than by will or by operation of law resulting from death,".
  2. Page 1, line 23, by striking the word "buyer" and inserting in lieu thereof the word "grantee".
  3. Page 1, line 30, by striking the word "buyer" and inserting in lieu thereof the word "grantee".
  4. Page 1, line 31, by striking the word "ten" and inserting in lieu thereof the word "one".
  5. Page 1, line 25, by inserting after the word "conveyance." the following: "The conveyance shall include the address of the grantee and of the grantor."

H-5208 FILED - *Adopted* BY SVOBODA of Iowa  
 FEBRUARY 6, 1978 *2/7 (371)*

H-5219

- Amend House File 2021 as follows:
1. Page 1, by inserting after line 15 the following new sections:
    - "Sec. \_\_\_\_ Section one hundred seventy-two C point one (172C.1), subsection eight (8), Code 1977, is amended by adding the following new paragraph:
      - d. At least one of its stockholders described in paragraph "a" who owns ten percent or more of the stock is:
        1. A person residing on or actively engaged in farming the farm owned or leased by the corporation;
        2. A disabled or retired person who at one time resided on or was actively engaged in farming the farm owned or leased by the corporation; or,
        3. A surviving spouse or minor child of a deceased person who at one time resided on or was actively engaged in farming the farm owned or leased by the corporation.
    - Sec. \_\_\_\_ Section one hundred seventy-two C point one (172C.1), subsection nine (9), Code 1977, is amended by adding the following new paragraph:
      - c. At least one of its stockholders who owns ten percent or more of the stock is:
        1. A person residing on or actively engaged in farming the farm owned or leased by the corporation;
        2. A disabled or retired person who at one time resided on or was actively engaged in farming the farm owned or leased by the corporation; or,
        3. A surviving spouse or minor child of a deceased person who at one time resided on or was actively engaged in farming the farm owned or leased by the corporation."

H-5219 FILED - *Adopted* BY  
 FEBRUARY 6, 1978 *2/7 (p. 368)*  
*Action to reconsider (p. 376)*  
*lost 2/9 (p. 406)*

HUSAK of Tama  
 PELLETT of Cass  
 DAVITT of Warren  
 DAGGETT of Adams  
 PERKINS of Greene  
 MENKE of O'Brien  
 GILSON of Guthrie  
 HOWELL of Floyd  
 HINKHOUSE of Cedar

SVOBODA of Iowa (added 2/7, p.377)

AVENSON of Fayette  
 BINNEBOESE of Plymouth  
 GETTINGS of Wapello  
 LAGESCHULTE of Bremer  
 SPENCER of Clay  
 KRAUSE of Kossuth  
 SERGEANT of Calhoun  
 STROMER of Hancock  
 HULLINGER of Decatur

H-5164

1 Amend House File 2021 as follows:

2 1. Page 2, by inserting after line 12 the following:  
3 "Sec. Chapter one hundred seventy-two C (172C),  
4 Code 1977, is amended by adding the following new  
5 section:

6 NEW SECTION. REPORTS BY INDIVIDUALS. Any individual  
7 who owns agricultural land with an assessed value  
8 of five hundred thousand dollars or more and who earns  
9 fifty percent or more of his or her income from sources  
10 other than farming, shall file with the secretary  
11 of state on or before March thirty-first of each year,  
12 on forms supplied by the secretary of state, the  
13 following information:

14 1. Declaration of the type of agricultural activity  
15 engaged in by the individual.

16 2. The acreage and location listed by township  
17 and county, or legally described urban plat of each  
18 lot or parcel of agricultural land in this state owned  
19 or leased by the individual at the end of the preceding  
20 fiscal or calendar year.

21 3. The approximate number and kind of poultry  
22 or livestock owned, contracted for, fed or kept by  
23 the individual during the preceding calendar or fiscal  
24 year.

25 4. The approximate number of acres used for each  
26 agricultural crop, fruit or other horticultural product  
27 grown or contracted for during the preceding calendar  
28 or fiscal year.

29 5. The number of acres owned and operated by the  
30 individual, the number of acres leased by the  
31 individual, and the number of acres leased to the  
32 individual. If a livestock or crop-share lease, the  
33 individual shall disclose the share of the livestock  
34 or the crop to which the individual is entitled under  
35 the lease.

36 6. In the case of an individual holding  
37 agricultural land for immediate or potential use in  
38 nonfarming purposes, a statement specifying for what  
39 purpose such land is being held."

H-5164 FILED - *Amended* BY STROMER of Hancock  
JANUARY 30, 1978 *german* 2/4 (p. 403) DAGGETT of Adams

## HOUSE FILE 2021

H-5166 *Amended*

1 1. page 1 by striking lines 19 through 22 and  
2 inserting in lieu thereof the following:  
3 "NEW PARAGRAPH. Commercial sales are incidental to  
4 the research or experimental objectives of the  
5 corporation when they are less than twenty-five (25)  
6 percent of the gross sales of the primary product of  
7 the research."

H-5166 FILED - *Adopted 2/7* BY HINKHOUSE of Cedar  
JANUARY 30, 1978 *(p. 368)* SCHEELHAASE of Woodbury

HOUSE FILE 2021

H-5021 *Withdrawn*

- 1 Amend House File 2021 as follows:
- 2 1. Page 2, by striking lines 3 through 12
- 3 and inserting in lieu thereof the following:
- 4 "(172C.11), Code 1977, is amended by striking
- 5 that section and inserting in lieu thereof the
- 6 following:
- 7 172C.11 PENALTIES--REPORTS. Failure to
- 8 timely file a report or the filing of false
- 9 information is punishable by a civil fine not
- 10 to exceed one thousand dollars.
- 11 For purposes of this section a report is
- 12 timely filed if the report is filed prior to
- 13 May first of the year succeeding the year in
- 14 which the report was due."

5055

H-5021 FILED - *H/O* 2/7(369) BY HINKHOUSE of Cedar  
JANUARY 12, 1978 PELLETT of Cass

HOUSE FILE 2021

H-5051

- 1 Amend House File 2021 as follows:
- 2 1. Page 2, by inserting after line 12 the
- 3 following:
- 4 "The secretary of state shall notify a person
- 5 whom he has reason to believe is required to
- 6 file a report as provided by this chapter, and
- 7 who has not filed a timely report, that the person
- 8 is in violation of this section. After thirty
- 9 days from receipt of the notice, a person shall
- 10 be assessed a civil fine of one hundred dollars
- 11 for each day in which the report is not filed.
- 12 The secretary of state shall include in the notice
- 13 a statement of the penalty which will be assessed
- 14 if the report is not filed within thirty days.
- 15 This penalty shall be in addition to any other
- 16 penalty under this chapter."

H-5051 FILED - *Adopted* 2/7 BY DAVITT of Warren  
JANUARY 17, 1978 (*p. 374*) LAGESCHULTE of Bremer

HOUSE FILE 2021

H-5055 *out of order*

- 1 Amend amendment H-5021, to House File 2021, as
- 2 follows:
- 3 1. Page 1, by striking lines 11 through 14 and
- 4 inserting in lieu thereof the following:
- 5 "For purposes of this section a report is timely
- 6 filed if it is received by the secretary of state
- 7 prior to May first of the year following the year
- 8 in which it is due."

H-5055 FILED - *Out of order* BY JUNKER of Woodbury  
JANUARY 17, 1978 2/7(369)

H(5005

Amend House File 2021 as follows:

1. Page 2, by inserting after line 12 the following section:

"Sec. . Chapter five hundred fifty-eight (558), Code 1977, is amended by adding the following new sections:

NEW SECTION. DEFINITIONS. As used in this Act,

1. "Agricultural land" means land suitable for use in farming.

2. "Farming" means farming as defined in subsection six (6) of section one hundred seventy-two C point one (172C.1) of the Code.

3. "Conveyance" means the transfer of legal or equitable title to any interest in real property with or without consideration. "Conveyance" includes the payment of installments for the purchase of any interest in real property where legal title does not pass until the last payment is made.

NEW SECTION. CONVEYANCE OF AGRICULTURAL LAND.

Agricultural land located in this state shall not be conveyed after December 31, 1978 unless the conveyance is by an instrument in writing, subscribed and delivered by the party conveying agricultural land, or by the party's agent authorized in writing to so act. Every conveyance of agricultural land shall be recorded by the buyer with the county recorder not later than one hundred eighty days from the date of conveyance. If the grantee is a limited partnership, a corporation, a trust, or a nonresident alien, the conveyance shall so state. For purposes of this section, a nonresident alien means a natural person not a citizen of the United States who resides outside the territorial boundaries of the United States.

NEW SECTION. CIVIL PENALTY--FAILURE TO FILE.

Failure to record a conveyance of agricultural land by the buyer within the specified time limit is punishable by a civil fine not to exceed ten thousand dollars. A county recorder shall record a conveyance of agricultural land presented for recordation more than one hundred eighty days after the date of conveyance. A county recorder shall forward to the county attorney a copy of each conveyance of agricultural land recorded more than one hundred eighty days from the date of conveyance. The county attorney shall initiate action in the district court to require payment of the civil penalty."

2. Title page, line 2, by inserting after the word "on" the words "and conveyance of".

H-5158

1 Amend House File 2021 as follows:

2 1. Page 2, by inserting after line 12 the following  
3 section:

4 "Sec. \_\_\_\_ Chapter five hundred fifty-eight (558),  
5 Code 1977, is amended by adding the following new  
6 sections:

7 NEW SECTION. DEFINITIONS. As used in this Act,

8 1. "Agricultural land" means land suitable for  
9 use in farming.

10 2. "Farming" means farming as defined in subsection  
11 six (6) of section one hundred seventy-two C point  
12 one (172C.1) of the Code.

13 3. "Conveyance" means the transfer of legal or  
14 equitable title to any interest in real property with  
15 or without consideration.

16 NEW SECTION. CONVEYANCE OF AGRICULTURAL LAND.

17 Agricultural land located in this state shall not  
18 be conveyed after December 31, 1978 unless the  
19 conveyance is by an instrument in writing, subscribed  
20 and delivered by the party conveying agricultural  
21 land, or by the party's agent authorized in writing  
22 to so act. Every conveyance of agricultural land  
23 shall be recorded by the buyer with the county recorder  
24 not later than one hundred eighty days from the date  
25 of conveyance. If the grantee is a limited  
26 partnership, a corporation, a trust, or a nonresident  
27 alien, the conveyance shall so state.

28 NEW SECTION. CIVIL PENALTY--FAILURE TO FILE.

29 Failure to record a conveyance of agricultural land  
30 by the buyer within the specified time limit is  
31 punishable by a civil fine not to exceed ten thousand  
32 dollars. A county recorder shall record a conveyance  
33 of agricultural land presented for recording even though  
34 not presented within one hundred eighty days after the  
35 date of conveyance. A county recorder shall forward to the  
36 county attorney a copy of each conveyance of agricultural  
37 land recorded more than one hundred eighty days from the  
38 date of conveyance. The county attorney shall initiate  
39 action in the district court to enforce the provisions  
40 of this Act.

41 2. Title page, line 2, by inserting after the word  
42 "on" the words "and conveyance of".

H-5158 FILED

JANUARY 26, 1978

BY SVOBODA of Iowa

SHEELHAASE of Woodbury

HUSAK of Tama

KRAUSE of Kossuth

*Revised not germane motion  
to suspend rules prevailed*

*2/7 (p. 371) Adopted as  
amended by 5208, 5244, 5245,*

*2/7 (p. 374)*

H-5056

1 Amend House File 2021 as follows:

2 1. Page 2, by inserting after line 1  
3 the following section:

4 "Sec. \_\_\_\_ . Section one hundred seventy-  
5 two C point five (172C.5), subsection nine (9),  
6 Code 1977, is amended to read as follows:

7 9. Whether the corporation is a family  
8 farm corporation as defined in section 172C.1.  
9 If a family farm corporation, the number of  
10 shares held by persons residing on or actively  
11 engaged in farming, and among other shares the  
12 number held by or for the benefit of natural  
13 persons less than twenty-one years of age or  
14 more than sixty-eight years of age who are  
15 members of the family holding the majority  
16 interest."

17 2. Title page, line 1, by inserting after  
18 the word "definitions" the words "and reports".

H-5056 FILED - *Adopted 2/7* BY EVANS of Grundy  
JANUARY 18, 1978 (*p. 269*)

H-5116

1 Amend House File 2021 as follows:

2 1. Page 2, by striking lines 3 through 12 and  
3 inserting in lieu thereof the following:

4 "(172C.11), Code 1977, is amended by striking  
5 that section and inserting in lieu thereof the  
6 following:

7 172C.11 PENALTIES--REPORTS. Failure to timely  
8 file a report or the filing of false information  
9 is punishable by a civil fine not to exceed one  
10 thousand dollars.

11 For purposes of this section a report is timely  
12 filed if the report is filed prior to May first of  
13 the year in which it is required to be filed."

H-5116 FILED - *Adopted 2/7* BY HINKHOUSE of Cedar  
JANUARY 24, 1978 (*p. 269*) PELLETT of Cass

*See Ag 2/21 Do B. for 5306 5/4*

HOUSE FILE 2021

Agriculture  
Van Gist, Chairperson  
Merritt  
Miller of Marshall

HOUSE FILE 2021  
BY COMMITTEE ON AGRICULTURE

(As Amended and Passed by the House)

Passed House, Date 5-12-76 (p. 2633) Passed Senate, Date 5-12-76 (p. 2633)  
Vote: Ayes 58 Nays 1 Vote: Ayes 39 Nays 7  
Approved June 27, 1976

# A BILL FOR

1 An Act relating to definitions and reports pertaining to  
2 corporate farming, restrictions on and conveyance of  
3 agricultural land holdings, and providing penalties  
4 for violations of the corporate farming Act.

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

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House Amendments \_\_\_\_\_

1 Section 1. Section one hundred seventy-two C point one  
2 (172C.1), Code 1977, as amended by Acts of the Sixty-seventh  
3 General Assembly, 1977 Session, chapter eighty-two (82), is  
4 amended by adding the following new subsection.

5 NEW SUBSECTION. "Actively engaged in farming" means that  
6 a natural person:

- 7 1. Inspects the production activities periodically; and
- 8 2. Furnishes at least half of the value of the tools,  
9 equipment and livestock used in the farm operation; and
- 10 3. Pays at least half the direct cost of production; or
- 11 4. Regularly and frequently makes or takes an important  
12 part in making management decisions substantially contribut-  
13 ing to or affecting the success of the farm operation; or
- 14 5. Performs physical work which significantly contri-  
15 butes to crop or livestock production.

16 Sec. 2. Section one hundred seventy-two C point one  
17 (172C.1), subsection eight (8), Code 1977, is amended by  
18 adding the following new paragraph:

19 d. At least one of its stockholders described in paragraph  
20 "a" who owns ten percent or more of the stock is:

- 21 1. A person residing on or actively engaged in farming  
22 the farm owned or leased by the corporation;
- 23 2. A disabled or retired person who at one time resided  
24 on or was actively engaged in farming the farm owned or leased  
25 by the corporation; or,
- 26 3. A surviving spouse or minor child of a deceased person  
27 who at one time resided on or was actively engaged in farming  
28 the farm owned or leased by the corporation.

29 Sec. 3. Section one hundred seventy-two C point one  
30 (172C.1), subsection nine (9), Code 1977, is amended by adding  
31 the following new paragraph:

32 c. At least one of its stockholders who owns ten percent  
33 or more of the stock is:

- 34 1. A person residing on or actively engaged in farming  
35 the farm owned or leased by the corporation;

1 2. A disabled or retired person who at one time resided  
2 on or was actively engaged in farming the farm owned or leased  
3 by the corporation; or,

4 3. A surviving spouse or minor child of a deceased person  
5 who at one time resided on or was actively engaged in farming  
6 the farm owned or leased by the corporation.

7 Sec. 4. Section one hundred seventy-two C point four  
8 (172C.4), subsection two (2), Code 1977, is amended by adding  
9 the following new paragraph:

10 NEW PARAGRAPH. Commercial sales are incidental to the  
11 research or experimental objectives of the corporation when  
12 they are less than twenty-five (25) percent of the gross sales  
13 of the primary product of the research.

14 Sec. 5. Section one hundred seventy-two C point four  
15 (172C.4), Code 1977, as amended by Acts of the Sixty-seventh  
16 General Assembly, 1977 Session, chapter eighty-two (82), is  
17 amended by adding the following new subsection:

18 NEW SUBSECTION. Any corporation, other than a family farm  
19 corporation or an authorized farm corporation, violating the  
20 provisions of this section shall upon conviction, be punished  
21 by a fine of not more than fifty thousand dollars and shall  
22 divest itself of any land acquired in violation of this section  
23 within one year after conviction. The courts of this state  
24 may prevent and restrain violations of this section through  
25 the issuance of an injunction. The attorney general or a  
26 county attorney shall institute suits on behalf of the state  
27 to prevent and restrain violations of this section.

28 Sec. 6. Section one hundred seventy-two C point five  
29 (172C.5), subsection nine (9), Code 1977, is amended to read  
30 as follows:

31 9. Whether the corporation is a family farm corporation  
32 as defined in section 172C.1. If a family farm corporation,  
33 the number of shares held by persons residing on or actively  
34 engaged in farming, and among other shares the number held  
35 by or for the benefit of natural persons less than twenty-

1 one years of age or more than sixty-eight years of age who  
 2 are members of the family holding the majority interest.

3 Sec. 7. Section one hundred seventy-two C point eleven  
 4 (172C.11), Code 1977, is amended by striking that section  
 5 and inserting in lieu thereof the following:

6 172C.11 PENALTIES--REPORTS. Failure to timely file a  
 7 report or the filing of false information is punishable by  
 8 a civil fine not to exceed one thousand dollars.

9 For purposes of this section a report is timely filed if  
 10 the report is filed prior to May first of the year in which  
 11 it is required to be filed.

12 The secretary of state shall notify a person whom he has  
 13 reason to believe is required to file a report as provided  
 14 by this chapter, and who has not filed a timely report, that  
 15 the person is in violation of this section. After thirty  
 16 days from receipt of the notice, a person shall be assessed  
 17 a civil fine of one hundred dollars for each day in which  
 18 the report is not filed. The secretary of state shall include  
 19 in the notice a statement of the penalty which will be assessed  
 20 if the report is not filed within thirty days. This penalty  
 21 shall be in addition to any other penalty under this chapter.

22 Sec. 8. Chapter five hundred fifty-eight (558), Code 1977,  
 23 is amended by adding the following new sections:

24 NEW SECTION. DEFINITIONS. As used in this Act,

25 1. "Agricultural land" means land suitable for use in  
 26 farming.

27 2. "Farming" means farming as defined in subsection six  
 28 (6) of section one hundred seventy-two C point one (172C.1)  
 29 of the Code.

30 3. "Conveyance" means the transfer, other than by will  
 31 or by operation of law resulting from death, of legal or  
 32 equitable title to any interest in real property with or  
 33 without consideration but shall not mean the offer to buy  
 34 and acceptance.

35 NEW SECTION. CONVEYANCE OF AGRICULTURAL LAND. Agricultural

1 land located in this state shall not be conveyed after December  
2 31, 1978 unless the conveyance is by an instrument in writing,  
3 subscribed and delivered by the party conveying agricultural  
4 land, or by the party's agent authorized in writing to so  
5 act. Every conveyance of agricultural land shall be recorded  
6 by the grantee with the county recorder not later than one  
7 hundred eighty days from the date of conveyance. The  
8 conveyance shall include the address of the grantee and of  
9 the grantor. If the grantee is a limited partnership, a  
10 corporation, a trust, or a nonresident alien, the conveyance  
11 shall so state.

12 NEW SECTION. CIVIL PENALTY--FAILURE TO FILE. Failure  
13 to record a conveyance of agricultural land by the grantee  
14 within the specified time limit is punishable by a civil fine  
15 not to exceed one thousand dollars. A county recorder shall  
16 record a conveyance of agricultural land presented for  
17 recording even though not presented within one hundred eighty  
18 days after the date of conveyance. A county recorder shall  
19 forward to the county attorney a copy of each conveyance of  
20 agricultural land recorded more than one hundred eighty days  
21 from the date of conveyance. The county attorney shall  
22 initiate action in the district court to enforce the provisions  
23 of this Act.

24 Failure to timely file, shall not invalidate an otherwise  
25 valid conveyance.

HOUSE FILE 2021

S-5872

1 Amend the Agriculture Committee amendment S-5806  
2 to House File 2021 as amended, passed and reprinted  
3 by the House as follows:  
4 1. Page 2, by inserting after line 4 the following  
5 new section:  
6 "Sec.        Section one hundred seventy-two C point  
7 four (172C.4), subsection four (4), Code 1977, is  
8 amended to read as follows:  
9 4. Agricultural land acquired by a  
10 corporation or trust for immediate or potential  
11 use in non-farming purposes."

S-5872 FILED *Withdrawn 5/12/78* BY E. KEVIN KELLY  
MAY 11, 1978

HOUSE FILE 2021

S-5874

1 Amend the Committee on Agriculture amendment,  
2 S-5806 to House File 2021, as amended, passed and  
3 reprinted by the House as follows:  
4 1. Page 1 by striking lines 27 through 36.

S-5874 FILED & LOST (*p. 1440*) BY ROLF V. CRAFT  
MAY 11, 1978

HOUSE FILE 2021

S-5901

1 Amend the Agriculture Committee amendment, S-5806,  
2 to House File 2021 as amended, passed and reprinted  
3 by the House as follows:  
4 1. Page 2, line 9, by striking the word "subsec-  
5 tion" and inserting in lieu thereof the word "subsec-  
6 tions".  
7 2. Page 2, by inserting after line 9 the following  
8 new subsection:  
9 "NEW SUBSECTION. Agricultural land acquired  
10 by a trust for immediate use in non-farming purposes."

S-5901 FILED *Adopted 5/12 (p. 1440)* BY E. KEVIN KELLY  
MAY 11, 1978

SENATE AMENDMENT TO  
HOUSE FILE 2021

H-6700

1 Amend House File 2021 as amended, passed and  
2 reprinted by the House as follows:

3 1. By striking everything after the enacting  
4 clause and inserting in lieu thereof the following:

5 "Section 1. Section one hundred seventy-two C  
6 point one (172.1 C) Code 1977, as amended by Acts  
7 of the Sixty-seventh General Assembly, 1977 Session,  
8 chapter eighty-two (82), is amended by adding the  
9 following new subsection:

10 NEW SUBSECTION. "Actively engaged in farming"  
11 means that a natural person who is a shareholder and  
12 an officer, director or employee of the corporation  
13 either:

14 a. Inspects the production activities periodically  
15 and furnishes at least half of the value of the tools  
16 and pays at least half the direct cost of produc-  
17 tion; or

18 b. Regularly and frequently makes or takes an  
19 important part in making management decisions  
20 substantially contributing to or affecting the success  
21 of the farm operation; or

22 c. Performs physical work which significantly  
23 contributes to crop or livestock production.

24 NEW SUBSECTION. "Nonresident alien" means:

25 a. An individual who is not a citizen of the  
26 United States and who is not domiciled in the United  
27 States.

28 b. A corporation incorporated under the law of  
29 any foreign country.

30 c. A corporation organized in the United States,  
31 beneficial ownership of which is held, directly or  
32 indirectly, by nonresident alien individuals.

33 d. A trust organized in the United States or else-  
34 where if beneficial ownership is held, directly or  
35 indirectly, by nonresident alien individuals.

36 e. A partnership or limited partnership organized  
37 in the United States or elsewhere if beneficial  
38 ownership is held, directly or indirectly, by  
39 nonresident alien individuals.

40 NEW SUBSECTION. The term "beneficial ownership"  
41 includes interests held by a nonresident alien  
42 individual directly or indirectly holding or acquiring  
43 a ten percent or greater share in the partnership,  
44 limited partnership, corporation or trust, or directly  
45 or indirectly through two or more such entities.  
46 In addition, the term beneficial ownership shall  
47 include interests held by all nonresident alien  
48 individuals if the nonresident alien individuals in  
49 the aggregate directly or indirectly hold or acquire  
50 twenty-five percent or more of the partnership, limited

partnership, corporation or trust.

2       Sec. 2. Section one hundred seventy-two C point  
3 four (172C.4), subsection two (2), Code 1977, is  
4 amended by adding the following new paragraph:

5       NEW PARAGRAPH. Commercial sales are incidental  
6 to the research or experimental objectives of the  
7 corporation when they are less than twenty-five percent  
8 of the gross sales of the primary product of the  
9 research. The limitation provided in this subsection  
10 shall not apply to corporations referred to in  
11 subsection three (3) of this section.

12       Sec. 3. Section one hundred seventy-two C point  
13 four (172C.4), subsection three (3), Code 1977, as  
14 amended by Acts of the Sixty-seventh General Assembly,  
15 1977 Session, chapter eighty-two (82), section four  
16 (4), is amended by striking the subsection and  
17 inserting in lieu thereof the following:

18       3. Agricultural land, including leasehold inter-  
19 ests, acquired by a nonprofit corporation organized  
20 under the provisions of chapters five hundred four  
21 (504) and five hundred four A (504A) of the Code  
22 including land acquired and operated by or for a state  
23 university for research, experimental, demonstration,  
24 foundation seed increase or test purposes and land  
25 acquired and operated by or for nonprofit corporations  
26 organized specifically for research, experimental,  
27 demonstration, foundation seed increase or test  
28 purposes in support of or in conjunction with a state  
29 university.

30       Sec. 4. Section one hundred seventy-two C point  
31 four (172C.4), Code 1977, as amended by Acts of the  
32 Sixty-seventh General Assembly, 1977 Session, chapter  
33 eighty-two (82), is amended by adding the following  
34 new subsections:

35       NEW SUBSECTION. Agricultural land acquired by  
36 a trust for immediate use in non-farming purposes.

37       NEW SUBSECTION. Any corporation, other than a  
38 family farm corporation or an authorized farm  
39 corporation, violating the provisions of this section  
40 shall upon conviction, be punished by a fine of not  
41 more than fifty thousand dollars and shall divest  
42 itself of any land acquired in violation of this  
43 section within one year after conviction. The courts  
44 of this state may prevent and restrain violations  
45 of this section through the issuance of an injunction.  
46 The attorney general or a county attorney shall  
47 institute suits on behalf of the state to prevent  
48 and restrain violations of this section.

49       Sec. 5. Section one hundred seventy-two C point  
50 five (172C.5), subsection one (1), Code 1977, is

amended to read as follows:

1. Declaration of the type of agricultural activity engaged in by the reporting corporation and the name, address and title of the agent or person in charge of the corporation's daily operations.

2. Section one hundred seventy-two C point ten (172C.10), subsection two (2), Code 1977, is amended to read as follows:

2. Declaration of the type of agricultural activity engaged in by the reporting limited partnership and the name, address and title of the agent or person in charge of the limited partnership's daily operations.

Sec. 7. Section one hundred seventy-two C point eleven (172C.11), Code 1977, is amended by striking the section and inserting in lieu thereof the following:

172C.11 PENALTIES--REPORTS. Failure to timely file a report or the filing of false information is punishable by a civil fine not to exceed one thousand dollars.

For purposes of this section a report is timely filed if the report is filed prior to May first of the year in which it is required to be filed.

The secretary of state shall notify a person whom the secretary has reason to believe is required to file a report as provided by this chapter and who has not filed a timely report that the person may be in violation of this section. After thirty days from receipt of the notice, any person required to report under this chapter who has not filed shall be assessed a civil fine of one hundred dollars for each day in which the report is not filed. The secretary of state shall include in the notice, a statement of the penalty which will be assessed if the report is required and is not filed within thirty days. This penalty shall be in addition to any other penalty under this chapter.

Sec. 8. Section one hundred seventy-two C point fourteen (172C.14), Code 1977, is amended to read as follows:

172C.14 DUTIES OF SECRETARY OF STATE--LEGISLATIVE USE. The secretary of state shall do all things necessary to implement this chapter. It is the intent of this section that information shall be made available to members of the general assembly and appropriate committees of the general assembly in order to determine the extent of farming being carried out in this state by corporations and other business entities and the effect of such farming practices

upon the economy of this state. The reports of  
processors required in section one hundred seventy-  
two, section nine of the Code shall be  
confidential reports except as to the general assembly;  
and the rules and practices of the general assembly  
whose officers and members of such reports treat such  
information as confidential and to the attorney gen-  
eral for review and appropriate action when necessary.  
The secretary of state shall assist any committee  
of the general assembly existing or established for  
the purposes of studying the effects of this chapter  
and the practices this chapter seeks to study and  
regulate.

Sec. ). Chapter five hundred fifty-eight (558),  
Code 1977, is amended by adding the following new  
sections:

NEW SECTION. DEFINITIONS. As used in this chapter  
unless the context otherwise requires:

1. "Nonresident alien" means:

a. An individual who is not a citizen of the  
United States and who is not domiciled in the United  
States.

b. A corporation incorporated under the law of  
any foreign country.

c. A corporation organized in the United States,  
beneficial ownership of which is held, directly or  
indirectly, by nonresident alien individuals.

d. A trust organized in the United States or  
elsewhere if beneficial ownership is held, directly  
or indirectly, by nonresident alien individuals.

e. A partnership or limited partnership organized  
in the United States or elsewhere if beneficial  
ownership is held, directly or indirectly, by  
nonresident alien individuals.

2. The term "beneficial ownership" includes  
interests held by a nonresident alien individual  
directly or indirectly holding or acquiring a ten  
percent or greater share in the partnership, limited  
partnership, corporation or trust, or directly or  
indirectly through two or more such entities. In  
addition, the term beneficial ownership shall include  
interests held by all nonresident alien individuals  
if the nonresident alien individuals in the aggregate  
directly or indirectly hold or acquire twenty-five  
percent or more of the partnership, limited  
partnership, corporation or trust.

3. The term "conveyance" means all deeds and all  
contracts for the conveyance of an estate in real  
property except those contracts to be fulfilled within  
six months from date of execution thereof.

1 4. "Agricultural land" means agricultural land  
2 as defined in section one hundred seventy-two C point  
3 one of the Code.

4 NEW SECTION. MANDATORY RECORDATION OF CONVEYANCES

5 AND LEASES OF AGRICULTURAL LAND. Every conveyance

6 or lease of agricultural land, except leases not to

7 exceed five years in duration with renewals,

8 conveyances or leases made by operation of law, and

9 distributions made from estates to heirs or devisees

10 shall be recorded by the grantee or lessee with the

11 county recorder not later than one hundred eighty

12 days after the date of conveyance or lease.

13 For an instrument of conveyance of agricultural

14 land deposited with an escrow agent, the fact of

15 deposit of that instrument of conveyance with the

16 escrow agent as well as the name and address of the

17 grantor and grantee shall be recorded, by a document

18 executed by the escrow agent, with the county recorder

19 not later than one hundred eighty days from the date

20 of the deposit with the escrow agent. For an instru-

21 ment of conveyance of agricultural land delivered

22 by an escrow agent, that instrument shall be recorded

23 with the county recorder not later than one hundred

24 eighty days from the date of delivery of the instrument

25 of conveyance by the escrow agent.

26 At the time of recordation of the conveyance or

27 lease of agricultural land, except a lease not

28 exceeding five years in duration with renewals,

29 conveyances or leases made by operation of law and

30 distributions made from estates of decedents to heirs

31 or devisees, to a nonresident alien as grantee or

32 lessee, such conveyance or lease shall disclose, in

33 an affidavit to be recorded therewith as a precondition

34 to recordation, the name, address, and citizenship

35 of the nonresident alien. In addition, if the nonresi-

36 dent alien is a partnership, limited partnership,

37 corporation or trust, the affidavit shall also disclose

38 the names, addresses, and citizenship of the

39 nonresident alien individuals who are the beneficial

40 owners of such entities. However, any partnership,

41 limited partnership, corporation, or trust which has

42 a class of equity securities registered with the

43 United States securities and exchange commission under

44 section twelve (12) of the Securities Exchange Act

45 of 1934 as amended to January 1, 1978, need only state

46 that fact on the affidavit.

47 Failure to record a conveyance or lease of agricul-

48 tural land required to be recorded by this section

49 by the grantee or lessee within the specified time

50 limit is punishable by a fine not to exceed one hundred

1 dollars per day for each day of violation. The county  
2 recorder shall record a conveyance or lease of  
3 agricultural land presented for recording even though  
4 not presented within one hundred eighty days after  
5 the date of conveyance or lease. The county recorder  
6 shall forward to the county attorney a copy of each  
7 such conveyance or lease of agricultural land recorded  
8 more than one hundred eighty days from the date of  
9 conveyance. The county attorney shall initiate action  
10 in the district court to enforce the provisions of  
11 this section. Failure to timely record shall not  
12 invalidate an otherwise valid conveyance or lease.

13 Sec. 10. Chapter five hundred sixty-seven (567),  
14 Code 1977, is amended by adding the following new  
15 section:

16 NEW SECTION. DEFINITIONS. As used in this chapter  
17 unless the context otherwise requires:

18 1. "Nonresident alien" means:

19 a. An individual who is not a citizen of the  
20 United States and who is not domiciled in the United  
21 States.

22 b. A corporation incorporated under the law of  
23 any foreign country.

24 c. A corporation organized in the United States,  
25 beneficial ownership of which is held, directly or  
26 indirectly, by nonresident alien individuals.

27 d. A trust organized in the United States or  
28 elsewhere if beneficial ownership is held, directly  
29 or indirectly, by nonresident alien individuals.

30 e. A partnership or limited partnership organized  
31 in the United States or elsewhere if beneficial  
32 ownership is held, directly or indirectly, by  
33 nonresident alien individuals.

34 Real estate owned or controlled on July 1, 1978,  
35 by a nonresident alien as defined in paragraphs c,  
36 d and e of this subsection, except corporations  
37 organized in the United States with fifty percent  
38 or more of its stock owned or controlled by nonresident  
39 aliens, shall not escheat to the state under the  
40 provisions of this chapter.

41 2. The term "beneficial ownership" includes  
42 interests held by a nonresident alien individual  
43 directly or indirectly holding or acquiring a ten  
44 percent or greater share in the partnership, limited  
45 partnership, corporation or trust, or directly or  
46 indirectly through two or more such entities. In  
47 addition, the term beneficial ownership shall include  
48 interests held by all nonresident alien individuals  
49 if the nonresident alien individuals in the aggregate  
50 directly or indirectly hold or acquire twenty-five

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1 percent or more of the partnership, limited  
2 partnership, corporation or trust.

3 Sec. 11. The provisions of section nine (9) of  
4 this Act are effective July 1, 1979, for all  
5 conveyances and leases of agricultural land made on  
6 or after July 1, 1979."

H-6700 FILED  
RECEIVED FROM SENATE  
MAY 12, 1978

*House concurred 5/12 (p. 2632)*

HOUSE FILE 2021

S-5907

1 Amend the Committee amendment, S-5806, to House  
2 File 2021 as amended, passed and reprinted by the  
3 House as follows:

4 1. Page 1, by inserting after line 23 the  
5 following:

6 "NEW SUBSECTION. "Nonresident alien" means:

7 a. An individual who is not a citizen of the  
8 United States and who is not domiciled in the United  
9 States.

10 b. A corporation incorporated under the law of  
11 any foreign country.

12 c. A corporation organized in the United States,  
13 beneficial ownership of which is held, directly or  
14 indirectly, by nonresident alien individuals.

15 d. A trust organized in the United States or else-  
16 where if beneficial ownership is held, directly or  
17 indirectly, by nonresident alien individuals.

18 e. A partnership or limited partnership organized  
19 in the United States or elsewhere if beneficial  
20 ownership is held, directly or indirectly, by  
21 nonresident alien individuals.

22 NEW SUBSECTION. The term "beneficial ownership"  
23 includes interests held by a nonresident alien  
24 individual directly or indirectly holding or acquiring  
25 a ten percent or greater share in the partnership,  
26 limited partnership, corporation or trust, or directly  
27 or indirectly through two or more such entities.  
28 In addition, the term beneficial ownership shall  
29 include interests held by all nonresident alien  
30 individuals if the nonresident alien individuals in  
31 the aggregate directly or indirectly hold or acquire  
32 twenty-five percent or more of the partnership, limited  
33 partnership, corporation or trust."

34 2. Page 3, by inserting after line 36 the following  
35 sections:

36 "Sec. 9. Chapter five hundred fifty-eight (558),  
37 Code 1977, is amended by adding the following new  
38 sections:

39 NEW SECTION. DEFINITIONS. As used in this chapter  
40 unless the context otherwise requires:

41 1. "Nonresident alien" means:

42 a. An individual who is not a citizen of the  
43 United States and who is not domiciled in the United  
44 States.

45 b. A corporation incorporated under the law of  
46 any foreign country.

47 c. A corporation organized in the United States,  
48 beneficial ownership of which is held, directly or  
49 indirectly, by nonresident alien individuals.

50 d. A trust organized in the United States or

1 elsewhere if beneficial ownership is held, directly  
2 or indirectly, by nonresident alien individuals.

3 e. A partnership or limited partnership organized  
4 in the United States or elsewhere if beneficial  
5 ownership is held, directly or indirectly, by  
6 nonresident alien individuals.

7 2. The term "beneficial ownership" includes  
8 interests held by a nonresident alien individual  
9 directly or indirectly holding or acquiring a ten  
10 percent or greater share in the partnership, limited  
11 partnership, corporation or trust, or directly or  
12 indirectly through two or more such entities. In  
13 addition, the term beneficial ownership shall include  
14 interests held by all nonresident alien individuals  
15 if the nonresident alien individuals in the aggregate  
16 directly or indirectly hold or acquire twenty-five  
17 percent or more of the partnership, limited  
18 partnership, corporation or trust.

19 3. The term "conveyance" means all deeds and all  
20 contracts for the conveyance of an estate in real  
21 property except those contracts to be fulfilled within  
22 six months from date of execution thereof.

23 4. "Agricultural land" means agricultural land  
24 as defined in section one hundred seventy-two C point  
25 one (172C.1) of the Code.

26 NEW SECTION. MANDATORY RECORDATION OF CONVEYANCES  
27 AND LEASES OF AGRICULTURAL LAND. Every conveyance  
28 or lease of agricultural land, except leases not to exceed five years in duration with renewals,  
29 exceed five years in duration with renewals,  
30 conveyances or leases made by operation of law, and  
31 distributions made from estates to heirs or devisees  
32 shall be recorded by the grantee or lessee with the  
33 county recorder not later than one hundred eighty  
34 days after the date of conveyance or lease.

35 For an instrument of conveyance of agricultural  
36 land deposited with an escrow agent, the fact of  
37 deposit of that instrument of conveyance with the  
38 escrow agent as well as the name and address of the  
39 grantor and grantee shall be recorded, by a document  
40 executed by the escrow agent, with the county recorder  
41 not later than one hundred eighty days from the date  
42 of the deposit with the escrow agent. For an instru-  
43 ment of conveyance of agricultural land delivered  
44 by an escrow agent, that instrument shall be recorded  
45 with the county recorder not later than one hundred  
46 eighty days from the date of delivery of the instrument  
47 of conveyance by the escrow agent.

48 At the time of recordation of the conveyance or  
49 lease of agricultural land, except a lease not  
50 exceeding five years in duration with renewals,

1 conveyances or leases made by operation of law and  
2 distributions made from estates of decedents to heirs  
3 or devisees, to a nonresident alien as grantee or  
4 lessee, such conveyance or lease shall disclose, in  
5 an affidavit to be recorded therewith as a precondition  
6 to recordation, the name, address, and citizenship  
7 of the nonresident alien. In addition, if the nonresi-  
8 dent alien is a partnership, limited partnership,  
9 corporation or trust, the affidavit shall also disclose  
10 the names, addresses, and citizenship of the  
11 nonresident alien individuals who are the beneficial  
12 owners of such entities. However, any partnership,  
13 limited partnership, corporation, or trust which has  
14 a class of equity securities registered with the  
15 United States securities and exchange commission under  
16 section twelve (12) of the Securities Exchange Act  
17 of 1934 as amended to January 1, 1978, need only state  
18 that fact on the affidavit.

19 Failure to record a conveyance or lease of agricul-  
20 tural land required to be recorded by this section  
21 by the grantee or lessee within the specified time  
22 limit is punishable by a fine not to exceed one hundred  
23 dollars per day for each day of violation. The county  
24 recorder shall record a conveyance or lease of  
25 agricultural land presented for recording even though  
26 not presented within one hundred eighty days after  
27 the date of conveyance or lease. The county recorder  
28 shall forward to the county attorney a copy of each  
29 such conveyance or lease of agricultural land recorded  
30 more than one hundred eighty days from the date of  
31 conveyance. The county attorney shall initiate action  
32 in the district court to enforce the provisions of  
33 this section. Failure to timely record shall not  
34 invalidate an otherwise valid conveyance or lease.

35 Sec. 10. Chapter five hundred sixty-seven (567),  
36 Code 1977, is amended by adding the following new  
37 section:

38 NEW SECTION. DEFINITIONS. As used in this chapter  
39 unless the context otherwise requires:

40 1. "Nonresident alien" means:

41 a. An individual who is not a citizen of the  
42 United States and who is not domiciled in the United  
43 States.

44 b. A corporation incorporated under the law of  
45 any foreign country.

46 c. A corporation organized in the United States,  
47 beneficial ownership of which is held, directly or  
48 indirectly, by nonresident alien individuals.

49 d. A trust organized in the United States or  
50 elsewhere if beneficial ownership is held, directly

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1 or indirectly, by nonresident alien individuals.  
2 e. A partnership or limited partnership organized  
3 in the United States or elsewhere if beneficial  
4 ownership is held, directly or indirectly, by  
5 nonresident alien individuals.

6 Real estate owned or controlled on July 1, 1978,  
7 by a nonresident alien as defined in paragraphs c,  
8 d and e of this subsection, except corporations  
9 organized in the United States with fifty percent  
10 or more of its stock owned or controlled by nonresident  
11 aliens, shall not escheat to the state under the  
12 provisions of this chapter.

13 2. The term "beneficial ownership" includes  
14 interests held by a nonresident alien individual  
15 directly or indirectly holding or acquiring a ten  
16 percent or greater share in the partnership, limited  
17 partnership, corporation or trust, or directly or  
18 indirectly through two or more such entities. In  
19 addition, the term beneficial ownership shall include  
20 interests held by all nonresident alien individuals  
21 if the nonresident alien individuals in the aggregate  
22 directly or indirectly hold or acquire twenty-five  
23 percent or more of the partnership, limited  
24 partnership, corporation or trust.

25 Sec. 11. The provisions of section nine (9) of  
26 this Act are effective July 1, 1979, for all  
27 conveyances and leases of agricultural land made on  
28 or after July 1, 1979."

S-5907 FILED & ADOPTED *10/14/78*  
MAY 12, 1978

BY BASS VAN GILST

S-5905

1 Amend the Committee amendment, S-5806, to House  
2 File 2021 as amended, passed and reprinted by the  
3 House as follows:

4 1. Page 1, by inserting after line 23 the  
5 following:

6 "NEW SUBSECTION. "Nonresident alien" means:

7 a. An individual who is not a citizen of the  
8 United States and who is not domiciled in the United  
9 States.

10 b. A corporation incorporated under the law of  
11 any foreign country.

12 c. A corporation organized in the United States,  
13 beneficial ownership of which is held, directly or  
14 indirectly, by nonresident alien individuals.

15 d. A trust organized in the United States or else-  
16 where if beneficial ownership is held, directly or  
17 indirectly, by nonresident alien individuals.

18 e. A partnership or limited partnership organized  
19 in the United States or elsewhere if beneficial  
20 ownership is held, directly or indirectly, by  
21 nonresident alien individuals.

22 NEW SUBSECTION. The term "beneficial ownership"  
23 includes interests held by a nonresident alien  
24 individual directly or indirectly holding or acquiring  
25 a ten percent or greater share in the partnership,  
26 limited partnership, corporation or trust, or directly  
27 or indirectly through two or more such entities.  
28 In addition, the term beneficial ownership shall  
29 include interests held by all nonresident alien  
30 individuals if the nonresident alien individuals in  
31 the aggregate directly or indirectly hold or acquire  
32 twenty-five percent or more of the partnership, limited  
33 partnership, corporation or trust."

34 2. Page 3, by inserting after line 36 the following  
35 sections:

36 "Sec. 9. Chapter five hundred fifty-eight (558),  
37 Code 1977, is amended by adding the following new  
38 sections:

39 NEW SECTION. DEFINITIONS. As used in this chapter  
40 unless the context otherwise requires:

41 1. "Nonresident alien" means:

42 a. An individual who is not a citizen of the  
43 United States and who is not domiciled in the United  
44 States.

45 b. A corporation incorporated under the law of  
46 any foreign country.

47 c. A corporation organized in the United States,  
48 beneficial ownership of which is held, directly or  
49 indirectly, by nonresident alien individuals.

50 d. A trust organized in the United States or

1 elsewhere if beneficial ownership is held, directly  
2 or indirectly, by nonresident alien individuals.

3 e. A partnership or limited partnership organized  
4 in the United States or elsewhere if beneficial  
5 ownership is held, directly or indirectly, by  
6 nonresident alien individuals.

7 2. The term "beneficial ownership" includes  
8 interests held by a nonresident alien individual  
9 directly or indirectly holding or acquiring a ten  
10 percent or greater share in the partnership, limited  
11 partnership, corporation or trust, or directly or  
12 indirectly through two or more such entities. In  
13 addition, the term beneficial ownership shall include  
14 interests held by all nonresident alien individuals  
15 if the nonresident alien individuals in the aggregate  
16 directly or indirectly hold or acquire twenty-five  
17 percent or more of the partnership, limited  
18 partnership, corporation or trust.

19 3. The term "conveyance" means all deeds and all  
20 contracts for the conveyance of an interest in real  
21 estate except those contracts to be fulfilled within  
22 six months from date of execution thereof.

23 4. "Agricultural land" means agricultural land  
24 as defined in section one hundred seventy-two C point  
25 one (172C.1) of the Code.

26 NEW SECTION. MANDATORY RECORDATION OF CONVEYANCES  
27 AND LEASES OF AGRICULTURAL LAND. Every conveyance  
28 or lease of agricultural land, except leases not to  
29 exceed five years in duration with renewals,  
30 conveyances or leases made by operation of law, and  
31 distributions made from estates to heirs or devisees  
32 shall be recorded by the grantee or lessee with the  
33 county recorder not later than one hundred eighty  
34 days after the date of conveyance or lease.

35 For an instrument of conveyance of agricultural  
36 land deposited with an escrow agent, the fact of  
37 deposit of that instrument of conveyance with the  
38 escrow agent as well as the name and address of the  
39 grantor and grantee shall be recorded, by a document  
40 executed by the escrow agent, with the county recorder  
41 not later than one hundred eighty days from the date  
42 of the deposit with the escrow agent. For an instru-  
43 ment of conveyance of agricultural land delivered  
44 by an escrow agent, that instrument shall be recorded  
45 with the county recorder not later than one hundred  
46 eighty days from the date of delivery of the instrument  
47 of conveyance by the escrow agent.

48 At the time of recordation of the conveyance or  
49 lease of agricultural land, except a lease not  
50 exceeding five years in duration with renewals,

1 or indirectly, by nonresident alien individuals.  
2 e. A partnership or limited partnership organized  
3 in the United States or elsewhere if beneficial  
4 ownership is held, directly or indirectly, by  
5 nonresident alien individuals.

6 Real estate owned or controlled on July 1, 1978,  
7 by a nonresident alien as defined in paragraphs c;  
8 d and e of this subsection, except corporations  
9 organized in the United States with fifty percent  
10 or more of its stock owned or controlled by nonresident  
11 aliens, shall not escheat to the state under the  
12 provisions of this chapter.

13 2. The term "beneficial ownership" includes  
14 interests held by a nonresident alien individual  
15 directly or indirectly holding or acquiring a ten  
16 percent or greater share in the partnership, limited  
17 partnership, corporation or trust, or directly or  
18 indirectly through two or more such entities. In  
19 addition, the term beneficial ownership shall include  
20 interests held by all nonresident alien individuals  
21 if the nonresident alien individuals in the aggregate  
22 directly or indirectly hold or acquire twenty-five  
23 percent or more of the partnership, limited  
24 partnership, corporation or trust.

25 Sec. 11. The provisions of section nine (9) of  
26 this Act are effective July 1, 1979, for all  
27 conveyances and leases of agricultural land made on  
28 or after July 1, 1979."

1 conveyances or leases made by operation of law and  
2 distributions made from estates of decedents to heirs  
3 or devisees, to a nonresident alien as grantee or  
4 lessee, such conveyance or lease shall disclose, in  
5 an affidavit to be recorded therewith as a precondition  
6 to recordation, the name, address; and citizenship  
7 of the nonresident alien. In addition, if the nonresi-  
8 dent alien is a partnership, limited partnership,  
9 corporation or trust, the affidavit shall also disclose  
10 the names, addresses, and citizenship of the  
11 nonresident alien individuals who are the beneficial  
12 owners of such entities. However, any partnership,  
13 limited partnership, corporation, or trust which has  
14 a class of equity securities registered with the  
15 United States securities and exchange commission under  
16 section twelve (12) of the Securities Exchange Act  
17 of 1934 as amended to January 1, 1978, need only state  
18 that fact on the affidavit.

19 Failure to record a conveyance or lease of agricul-  
20 tural land required to be recorded by this section  
21 by the grantee or lessee within the specified time  
22 limit is punishable by a fine not to exceed one hundred  
23 dollars per day for each day of violation. The county  
24 recorder shall record a conveyance or lease of  
25 agricultural land presented for recording even though  
26 not presented within one hundred eighty days after  
27 the date of conveyance or lease. The county recorder  
28 shall forward to the county attorney a copy of each  
29 such conveyance or lease of agricultural land recorded  
30 more than one hundred eighty days from the date of  
31 conveyance. The county attorney shall initiate action  
32 in the district court to enforce the provisions of  
33 this section. Failure to timely record shall not  
34 invalidate an otherwise valid conveyance or lease.

35 Sec. 10. Chapter five hundred sixty-seven (567),  
36 Code 1977, is amended by adding the following new  
37 section:

38 NEW SECTION. DEFINITIONS. As used in this chapter  
39 unless the context otherwise requires:

40 1. "Nonresident alien" means:

41 a. An individual who is not a citizen of the  
42 United States and who is not domiciled in the United  
43 States.

44 b. A corporation incorporated under the law of  
45 any foreign country.

46 c. A corporation organized in the United States,  
47 beneficial ownership of which is held, directly or  
48 indirectly, by nonresident alien individuals.

49 d. A trust organized in the United States or  
50 elsewhere if beneficial ownership is held, directly

HOUSE FILE 2021

S-5859

1 Amend the Committee amendment, S-5806, to House  
2 File 2021 as amended, passed and reprinted by the  
3 House as follows:

4 1. Page 4, line 3, by inserting after the word  
5 "conveyed." the following: "However, the term  
6 "beneficial ownership" shall not include interests  
7 held by an individual, directly or indirectly, through  
8 a corporation or trust as a result of the holding,  
9 directly or indirectly, of five percent or more of  
10 the security of that corporation or trust if that  
11 security is listed or is approved for listing upon  
12 notice of issuance on the New York stock exchange,  
13 the American stock exchange, the midwest stock  
14 exchange, the pacific coast stock exchange, or any  
15 other national securities exchange registered under  
16 the Securities Exchange Act of 1934 or if that security  
17 is quoted by the national association of securities  
18 dealers association quotation system or if that  
19 corporation or trust is subject to the registration  
20 requirements of section twelve (g) (12 (g)) of the  
21 Securities Exchange Act of 1934 as amended to January  
22 1, 1978."

23 2. Page 5, by inserting after line 50 the follow-  
24 ing:

25 "Notwithstanding subsections two (2), three (3)  
26 and four (4) of this section, the term "nonresident  
27 alien" shall not mean corporations and trusts having  
28 securities listed or approved for listing upon notice  
29 of issuance on the New York stock exchange, the  
30 American stock exchange, the midwest stock exchange,  
31 the pacific coast stock exchange, or any other national  
32 securities exchange registered under the Securities  
33 Exchange Act of 1934 or corporations and trusts having  
34 securities quoted by the national association of  
35 securities dealers association quotation system or  
36 corporations and trusts subject to the registration  
37 requirements of section twelve (g) (12 (g)) of the  
38 Securities Exchange Act of 1934 as amended to January  
39 1, 1978".

S-5859 FILED  
MAY 10, 1978

*Order of order 5/10*  
*page 14 29*  
BY PHILIP B. HILL

HOUSE FILE 2021

S-5854

- 1 Amend the Committee on Agriculture Amendment  
2 S-5806 to House File 2021 as amended, passed and  
3 reprinted as follows:  
4 1. Page 1, line 9 by striking the word  
5 "subsections" and inserting in lieu thereof the  
6 word "subsection".  
7 2. Page 1, by striking lines 24 through 26.  
8 3. Page 3, by striking lines 37 through  
9 page 6, line 2.

S-5854 FILED *Adopted 5/10/78* BY PHILIP B. HILL  
MAY 10, 1978

HOUSE FILE 2021

S-5860

- 1 Amend the Committee amendment, S-5806, to House  
2 File 2021 as amended, passed and reprinted by the  
3 House as follows:  
4 1. Page 4, line 13, by inserting after the word  
5 "duration" the word ", easements".  
6 2. Page 4, line 22, by inserting after the word  
7 "duration" the word ", easements".  
8 3. Page 5, by inserting after line 50 the  
9 following:  
10 "Real estate owned or controlled on July 1, 1978,  
11 by a nonresident alien as defined in subsections three  
12 (3), four (4) and five (5) of this section, except  
13 corporations organized in the United States with fifty  
14 percent or more of its stock owned or controlled by  
15 nonresident aliens, shall not escheat to the state  
16 under the provisions of this chapter."

S-5860 FILED *Adopted 5/10/78* BY PHILIP B. HILL  
MAY 10, 1978

HOUSE FILE 2021

S-5848

1 Amend the amendment S-5806 to House File 2021 as  
2 amended, passed, and reprinted as follows:  
3 1. Page 4, line 2, by striking the word "five"  
4 and inserting in lieu thereof the word "twenty-five".  
5 2. Page 4, by striking lines 44 through 50 and  
6 inserting in lieu thereof the words "to escrow agents  
7 after December 31, 1978, the fact of transfer of an  
8 instrument of conveyance to the escrow agent as well  
9 as the name and address of the grantor and grantee  
10 shall be recorded with the county recorder not later  
11 than one hundred eighty days from the date of the  
12 transfer to the escrow agent. For instruments of  
13 conveyance transferred from escrow agents after  
14 December 31, 1978, the fact of transfer of an  
15 instrument of conveyance from the escrow agent as  
16 well as the name and address of the grantor and grantee  
17 shall be recorded with the county recorder not later  
18 than one hundred eighty days from the date of transfer  
19 from the escrow agent."  
20 3. Page 5, by striking lines 1 and 2 and inserting  
21 in lieu thereof the words "If the grantee of".  
22 4. Page 5, line 19, by adding after the word  
23 "conveyance" the words " or affidavit".

S-5848 FILED  
MAY 9, 1978

*L. B. of Anderson 5/11*  
*(p. 1459)*  
BY BASS VAN GILST

HOUSE FILE 2021

S-5855

1 Amend the Committee on Agriculture amendment, S-  
2 5806, to House File 2021 as amended, passed, and  
3 reprinted by the House as follows:  
4 1. Page 4, line 16, by striking the words "December  
5 31, 1978" and inserting in lieu thereof the words  
6 "July 1, 1979".  
7 2. Page 4, line 44, by inserting after the word  
8 "agents" the words "after July 1, 1979".  
9 3. Page 5, line 2, by inserting after the word  
10 "be." the words "If the escrow arrangement is recorded  
11 in accordance with the foregoing provisions, and the  
12 instrument of conveyance so states, the instrument  
13 of conveyance may be recorded at termination of the  
14 escrow notwithstanding the fact that the instrument  
15 of conveyance is recorded more than one hundred eighty  
16 days after its date."

S-5855 FILED  
MAY 10, 1978

*L. B. of Anderson 5/11*  
*(p. 1459)*  
BY PHILIP B. HILL

HOUSE FILE 2021

S-5825

- 1 Amend the committee amendment to House File 2021
- 2 S-5806 as follows:
- 3 1. Page 4, line 44, by adding after the word "agent"
- 4 the words "after December 31, 1978".

S-5825 Filed *Order of order 5/10/78*  
May 5, 1978

BY BASS VAN GILST  
DALE TIEDEN

HOUSE FILE 2021

S-5837

- 1 Amend the committee amendment to House File 2021
- 2 S-5806 as follows:
- 3 1. Page 4, line 44, by adding after the word
- 4 "agents" the words "after December 31, 1978".

S-5837 FILED *Order of order 5/10/78*  
MAY 8, 1978

BY BASS VAN GILST  
DALE L. TIEDEN

HOUSE FILE 2021

S-5840

- 1 Amend the Committee on Agriculture Amendment
- 2 S-5806 to House File 2021 as amended, passed and
- 3 reprinted as follows:
- 4 1. Page 3, by striking lines 37 through
- 5 page 5, line 24.
- 6 2. Page 6, by striking lines 1 and 2.

S-5840 FILED *Order of order 5/10/78*  
MAY 9, 1978

BY PHILIP B. HILL

S-5806

1 Amend House File 2021 as amended, passed and  
2 reprinted by the House as follows:

3 1. By striking everything after the enacting  
4 clause and inserting in lieu thereof the following:

5 "Section 1. Section one hundred seventy-two C  
6 point one (172C.1), Code 1977, as amended by Acts  
7 of the Sixty-seventh General Assembly, 1977 Session,  
8 chapter eighty-two (82), is amended by adding the  
9 following new subsections:

10 NEW SUBSECTION. "Actively engaged in farming"  
11 means that a natural person who is a shareholder and  
12 an officer, director or employee of the corporation  
13 either:

14 a. Inspects the production activities periodically  
15 and furnishes at least half of the value of the tools  
16 and pays at least half the direct cost of produc-  
17 tion; or

18 b. Regularly and frequently makes or takes an  
19 important part in making management decisions  
20 substantially contributing to or affecting the success  
21 of the farm operation; or

22 c. Performs physical work which significantly  
23 contributes to crop or livestock production.

24 NEW SUBSECTION. "Nonresident alien" means a  
25 nonresident alien as defined in section ten (10) of  
26 this Act.

27 Sec. 2. Section one hundred seventy-two C point  
28 four (172C.4), subsection two (2), Code 1977, is  
29 amended by adding the following new paragraph:

30 NEW PARAGRAPH. Commercial sales are incidental  
31 to the research or experimental objectives of the  
32 corporation when they are less than twenty-five percent  
33 of the gross sales of the primary product of the  
34 research. The limitation provided in this subsection  
35 shall not apply to corporations referred to in  
36 subsection three (3) of this section.

37 Sec. 3. Section one hundred seventy-two C point  
38 four (172C.4), subsection three (3), Code 1977, as  
39 amended by Acts of the Sixty-seventh General Assembly,  
40 1977 Session, chapter eighty-two (82), section four  
41 (4), is amended by striking the subsection and  
42 inserting in lieu thereof the following:

43 3. Agricultural land, including leasehold inter-  
44 ests, acquired by a nonprofit corporation organized  
45 under the provisions of chapters five hundred four  
46 (504) and five hundred four A (504A) of the Code  
47 including land acquired and operated by or for a state  
48 university for research, experimental, demonstration,  
49 foundation seed increase or test purposes and land  
50 acquired and operated by or for nonprofit corporations

1 organized specifically for research, experimental,  
2 demonstration, foundation seed increase or test  
3 purposes in support of or in conjunction with a state  
4 university.

5 Sec. 4. Section one hundred seventy-two C point  
6 four (172C.4), Code 1977, as amended by Acts of the  
7 Sixty-seventh General Assembly, 1977 Session, chapter  
8 eighty-two (82), is amended by adding the following  
9 new subsection:

10 NEW SUBSECTION. Any corporation, other than a  
11 family farm corporation or an authorized farm  
12 corporation, violating the provisions of this section  
13 shall upon conviction, be punished by a fine of not  
14 more than fifty thousand dollars and shall divest  
15 itself of any land acquired in violation of this  
16 section within one year after conviction. The courts  
17 of this state may prevent and restrain violations  
18 of this section through the issuance of an injunction.  
19 The attorney general or a county attorney shall  
20 institute suits on behalf of the state to prevent  
21 and restrain violations of this section.

22 Sec. 5. Section one hundred seventy-two C point  
23 five (172C.5), subsection one (1), Code 1977, is  
24 amended to read as follows:

25 1. Declaration of the type of agricultural activity  
26 engaged in by the reporting corporation and the name,  
27 address and title of the agent or person in charge  
28 of the corporation's daily operations.

29 Sec. 6. Section one hundred seventy-two C point  
30 six (172C.6), subsection two (2), Code 1977, is amended  
31 to read as follows:

32 2. Declaration of the type of agricultural activity  
33 engaged in by the reporting limited partnership and  
34 the name, address and title of the agent or person  
35 in charge of the limited partnership's daily  
36 operations.

37 Sec. 7. Section one hundred seventy-two C point  
38 eleven (172C.11), Code 1977, is amended by striking  
39 the section and inserting in lieu thereof the  
40 following:

41 172C.11 PENALTIES--REPORTS. Failure to timely  
42 file a report or the filing of false information is  
43 punishable by a civil fine not to exceed one thousand  
44 dollars.

45 For purposes of this section a report is timely  
46 filed if the report is filed prior to May first of  
47 the year in which it is required to be filed.

48 The secretary of state shall notify a person whom  
49 the secretary has reason to believe is required to  
50 file a report as provided by this chapter and who

1 has not filed a timely report that the person may  
2 be in violation of this section. After thirty days  
3 from receipt of the notice, any person required to  
4 report under this chapter who has not filed shall  
5 be assessed a civil fine of one hundred dollars for  
6 each day in which the report is not filed. The  
7 secretary of state shall include in the notice, a  
8 statement of the penalty which will be assessed if  
9 the report is required and is not filed within thirty  
10 days. This penalty shall be in addition to any other  
11 penalty under this chapter.

12 Sec. 8. Section one hundred seventy-two C point  
13 fourteen (172C.14), Code 1977, is amended to read  
14 as follows:

15 172C.14 DUTIES OF SECRETARY OF STATE--LEGISLATIVE  
16 USE. The secretary of state shall do all things  
17 necessary to implement this chapter. It is the intent  
18 of this section that information shall be made  
19 available to members of the general assembly and  
20 appropriate committees of the general assembly in  
21 order to determine the extent of farming being carried  
22 out in this state by corporations and other business  
23 entities and the effect of such farming practices  
24 upon the economy of this state. The reports of  
25 processors required in section one hundred seventy-  
26 two C. point nine (172C.9) of the Code shall be  
27 confidential reports except as to the general assembly  
28 and appropriate committees of the general assembly  
29 whose members upon receipt of such reports treat such  
30 information as confidential and to the attorney gen-  
31 eral for review and appropriate action when necessary.  
32 The secretary of state shall assist any committee  
33 of the general assembly existing or established for  
34 the purposes of studying the effects of this chapter  
35 and the practices this chapter seeks to study and  
36 regulate.

37 Sec. 9. Chapter five hundred fifty-eight (558),  
38 Code 1977, is amended by adding the following new  
39 sections:

40 NEW SECTION. DEFINITIONS. As used in this chapter  
41 the following mean:

42 1. The term "beneficial ownership" includes  
43 interests held by individuals directly or indirectly  
44 holding or acquiring a five percent or greater share  
45 in the interest conveyed, directly or indirectly  
46 through a partnership, limited partnership, corporation  
47 or trust, or directly or indirectly through two or  
48 more such entities, except that the term beneficial  
49 ownership shall include interests held by all  
50 individuals acquiring a share in the interest conveyed

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if nonresident aliens in the aggregate directly or indirectly hold or acquire five percent or more of the interest conveyed.

2. "Nonresident alien" means (a nonresident alien as defined in section ten (10) of this Act)

3. The term "conveyance or instrument of conveyance" includes all deeds and all contracts for the conveyance of an interest in real estate except those contracts to be fulfilled within six months from date of execution thereof.

NEW SECTION. MANDATORY RECORDATION OF CONVEYANCES.

Interests in real estate located in this state, except for leases not to exceed five years in duration or transfers by operation of law and distributions from estates of decedents to heirs or devisees, shall not be conveyed after December 31, 1978, unless the conveyance is by an instrument in writing, subscribed by the party conveying the interest or interests in real estate, or by the party's agent authorized in writing to so act. Every such conveyance of an interest in real estate, except for leases not to exceed five years in duration or transfers by operation of law and distributions from estates of decedents to heirs or devisees, shall be recorded by the grantee with the county recorder not later than one hundred eighty days from date of the conveyance and no county recorder shall accept an instrument of conveyance for recordation more than one hundred and eighty days from the date of conveyance. In the event that interests in real estate are conveyed after December 31, 1978, and the instrument of conveyance was not recorded within the time as hereinbefore provided and failure to so record was because of inadvertance and not with the intent to avoid the provisions of this section, application may be made to the district court and upon a finding that failure to record was because of inadvertance and not with the intent to avoid the provisions of this section, the court shall order the instrument of conveyance to be filed with the county recorder. Upon such finding and order by the court the instrument of conveyance shall be deemed for all purposes to have been timely filed hereunder. For instruments of conveyance transferred to ~~or from~~ escrow agents, the fact of transfer of an instrument of conveyance to the escrow agent as well as the name and address of the grantor and grantee and ~~the fact of transfer of an instrument of conveyance from the escrow agent as well as the name and address of the grantor and grantee~~ shall be recorded with the county recorder not later than one hundred eighty

S278, S279-  
S280, S281

Attorney  
2/16/78  
3/1/78

1 days from the date of the transfer to ~~or from~~ the  
2 escrow agent, ~~as the case may be.~~ If the grantee of  
3 a conveyance of an interest in real estate is a  
4 partnership, limited partnership, corporation, or  
5 trust, the conveyance shall so state and, at the time  
6 of recordation of the instrument of conveyance to  
7 a nonresident alien as grantee or from a nonresident  
8 alien as grantor, such instrument of conveyance shall  
9 bear in an affidavit thereto, as a necessary condition  
10 precedent to recordation of the instrument of  
11 conveyance, the names, addresses, and citizenship  
12 of the holders of the beneficial ownership of the  
13 interest in real estate with a listing of all  
14 beneficial owners and the percentage owned by each,  
15 if beneficial ownership is different from legal  
16 ownership of record. A person found guilty of inten-  
17 tional or willful violation of this section shall  
18 be fined up to one hundred dollars per day for each  
19 day the conveyance was required to be recorded. Upon  
20 payment of the fine or upon a finding that the person  
21 is not guilty of intentional or willful violation  
22 of this section, the district court shall order the  
23 instrument of conveyance to be filed with the county  
24 recorder.

25 Sec. 10. Chapter five hundred sixty-seven (567),  
26 Code 1977, is amended by adding the following new  
27 section:

28 NEW SECTION. NONRESIDENT ALIEN DEFINED. The term  
29 nonresident alien, as the term is used in this chapter  
30 and in chapters one hundred seventy-two C (172C) and  
31 five hundred fifty-eight (558) of the Code, shall  
32 be defined as:

33 1. An individual who is not a citizen of the  
34 United States and who is not domiciled in the United  
35 States.

36 2. Corporations incorporated under the law of  
37 any foreign country.

38 3. Corporations organized in the United States,  
39 five percent or more of the stock of which is owned  
40 or controlled, directly or indirectly, by nonresident  
41 alien individuals.

42 4. Trusts organized in the United States or else-  
43 where if five percent or more of the beneficial  
44 interest is owned or controlled, directly or  
45 indirectly, by nonresident alien individuals.

46 5. Partnerships and limited partnerships organized  
47 in the United States or elsewhere if five percent  
48 or more of the beneficial ownership is owned or  
49 controlled, directly or indirectly, by nonresident  
50 alien individuals."

Page 6

1 2. Amend the title, line 3, by striking the word  
2 "agricultural".

S-5806 FILED  
May 4, 1978

*Adopted and amended*  
5806 5/12  
5854, 5951 (p. 1295)  
5957

BY COMMITTEE ON AGRICULTURE  
BASS VAN GILST, CHAIRPERSON

BILL SYNOPSIS  
House File 2021

An Act relating to the corporate farming chapter, chapter on aliens owning land and recordation of agricultural land.

The various sections of the bill have general effect as follows:

1. Section 1 adds the definition of "actively engaged in farming", "nonresident alien" and "beneficial ownership". Nonresident alien means an individual who is not a citizen and not domiciled in the U.S., a corporation not incorporated in the U.S. or a corporation, trust or partnership where beneficial ownership is held by nonresident alien individuals. "Beneficial ownership" includes interests held by nonresident alien individual which equals ten percent or more of the business entity or interests held by nonresident alien individual in the aggregate of twenty-five percent or more.
2. Sections 2, 3 and 4 amend section 172C.4 imposing the moratorium on the acquiring of farm land by specifying that sales are incidental to research and experimental objectives if they are less than twenty-five percent of the gross sales of the primary product of the research. This is in regard to the exemption from the moratorium of corporations acquiring land for research or experimental purposes. Exemption from the moratorium is also provided to nonprofit corporations organized under chapters 504 and 504A and including land acquired by a state university or other nonprofit corporation for research or experimental purposes and for land acquired by a trust for immediate use in nonfarming purposes. A penalty of \$50,000 and mandatory divestment of the land is provided for corporations violating this section.
3. Sections 5 and 6 require that in the report made by corporations or limited partnerships owning or leasing farm land the name, address and title of the agent or person in charge of the corporation's or limited partnership's daily operations must be included.
4. Section 7 imposes a civil fine not to exceed \$1000 for failure to file the report by May 1 or filing a false report. In addition, if the secretary of state notifies a person that the report has not been timely filed then a civil penalty of \$100 a day is imposed for each day the report has not been filed if not filed within thirty days from the date of the notice.
5. Section 8 makes the reports filed by processors of beef and pork in this state confidential except as to the general assembly, but whose members shall treat the information as confidential, and the attorney general.

6. Section 9 amends chapter 558 on conveyances of real property by requiring that conveyances or leases of agricultural land made on or after July 1, 1979, except leases not to exceed five years, conveyances or leases made by operation of law, and distributions made from estates to heirs or devisees shall be recorded by the grantee or lessee within 180 days after the date of the conveyance or lease. Likewise recordation must be made within 180 days in regard to instruments of conveyance deposited with or delivered by an escrow agent. At the time of recordation, the name, address and citizenship of any nonresident alien grantee or lessee or beneficial owner, in the case of business entities must be provided. This information on beneficial owners need not be supplied if the business entities securities are registered with the SEC. Failure to timely record is subject to a civil penalty of up to \$100 for each day the conveyance or lease is not recorded within the 180 day time limit. The definitions of "nonresident alien" and "beneficial ownership" are the same as those in section 172C.1.

7. Section 10 amends chapter 567 on rights of aliens by including the definition of "nonresident alien" and "beneficial ownership" as those terms are defined in section 172C.1. Provision is also added that real estate owned or controlled on July 1, 1978, by any corporation, other than one with fifty percent or more of its stock beneficial owned by nonresident aliens, partnerships or trusts shall not escheat to the state under the provisions of this chapter.

HOUSE FILE 2021

AN ACT

RELATING TO DEFINITIONS AND REPORTS PERTAINING TO CORPORATE FARMING, RESTRICTIONS ON AND CONVEYANCE OF AGRICULTURAL LAND HOLDINGS, AND PROVIDING PENALTIES FOR VIOLATIONS OF THE CORPORATE FARMING ACT.

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

Section 1. Section one hundred seventy-two C point one (172C.1), Code 1977, as amended by Acts of the Sixty-seventh General Assembly, 1977 Session, chapter eighty-two (82), is amended by adding the following new subsection:

NEW SUBSECTION. "Actively engaged in farming" means that a natural person who is a shareholder and an officer, director or employee of the corporation either:

- a. Inspects the production activities periodically and furnishes at least half of the value of the tools and pays at least half the direct cost of production; or
- 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; or
- c. Performs physical work which significantly contributes to crop or livestock production.

NEW SUBSECTION. "Nonresident alien" means:

- a. An individual who is not a citizen of the United States and who is not domiciled in the United States.
- b. A corporation incorporated under the law of any foreign country.
- c. A corporation organized in the United States, beneficial ownership of which is held, directly or indirectly, by nonresident alien individuals.
- d. A trust organized in the United States or elsewhere if beneficial ownership is held, directly or indirectly, by nonresident alien individuals.
- e. A partnership or limited partnership organized in the

United States or elsewhere if beneficial ownership is held, directly or indirectly, by nonresident alien individuals.

NEW SUBSECTION. The term "beneficial ownership" includes interests held by a nonresident alien individual directly or indirectly holding or acquiring a ten percent or greater share in the partnership, limited partnership, corporation or trust, or directly or indirectly through two or more such entities. In addition, the term beneficial ownership shall include interests held by all nonresident alien individuals if the nonresident alien individuals in the aggregate directly or indirectly hold or acquire twenty-five percent or more of the partnership, limited partnership, corporation or trust.

Sec. 2. Section one hundred seventy-two C point four (172C.4), subsection two (2), Code 1977, is amended by adding the following new paragraph:

NEW PARAGRAPH. Commercial sales are incidental to the research or experimental objectives of the corporation when they are less than twenty-five percent of the gross sales of the primary product of the research. The limitation provided in this subsection shall not apply to corporations referred to in subsection three (3) of this section.

Sec. 3. Section one hundred seventy-two C point four (172C.4), subsection three (3), Code 1977, as amended by Acts of the Sixty-seventh General Assembly, 1977 Session, chapter eighty-two (82), section four (4), is amended by striking the subsection and inserting in lieu thereof the following:

3. Agricultural land, including leasehold interests, acquired by a nonprofit corporation organized under the provisions of chapters five hundred four (504) and five hundred four A (504A) of the Code including land acquired and operated by or for a state university for research, experimental, demonstration, foundation seed increase or test purposes and land acquired and operated by or for nonprofit corporations organized specifically for research, experimental, demonstration, foundation seed increase or test purposes in support of or in conjunction with a state university.

Sec. 4. Section one hundred seventy-two C point four

the context otherwise requires:

1. "Nonresident alien" means:

a. An individual who is not a citizen of the United States and who is not domiciled in the United States.

b. A corporation incorporated under the law of any foreign country.

c. A corporation organized in the United States, beneficial ownership of which is held, directly or indirectly, by nonresident alien individuals.

d. A trust organized in the United States or elsewhere if beneficial ownership is held, directly or indirectly, by nonresident alien individuals.

e. A partnership or limited partnership organized in the United States or elsewhere if beneficial ownership is held, directly or indirectly, by nonresident alien individuals.

2. The term "beneficial ownership" includes interests held by a nonresident alien individual directly or indirectly holding or acquiring a ten percent or greater share in the partnership, limited partnership, corporation or trust, or directly or indirectly through two or more such entities. In addition, the term beneficial ownership shall include interests held by all nonresident alien individuals if the nonresident alien individuals in the aggregate directly or indirectly hold or acquire twenty-five percent or more of the partnership, limited partnership, corporation or trust.

3. The term "conveyance" means all deeds and all contracts for the conveyance of an estate in real property except those contracts to be fulfilled within six months from date of execution thereof.

4. "Agricultural land" means agricultural land as defined in section one hundred seventy-two C point one (172C.1) of the Code.

**NEW SECTION. MANDATORY RECORDATION OF CONVEYANCES AND LEASES OF AGRICULTURAL LAND.** Every conveyance or lease of agricultural land, except leases not to exceed five years in duration with renewals, conveyances or leases made by operation of law, and distributions made from estates to heirs

or devisees shall be recorded by the grantee or lessee with the county recorder not later than one hundred eighty days after the date of conveyance or lease.

For an instrument of conveyance of agricultural land deposited with an escrow agent, the fact of deposit of that instrument of conveyance with the escrow agent as well as the name and address of the grantor and grantee shall be recorded, by a document executed by the escrow agent, with the county recorder not later than one hundred eighty days from the date of the deposit with the escrow agent. For an instrument of conveyance of agricultural land delivered by an escrow agent, that instrument shall be recorded with the county recorder not later than one hundred eighty days from the date of delivery of the instrument of conveyance by the escrow agent.

At the time of recordation of the conveyance or lease of agricultural land, except a lease not exceeding five years in duration with renewals, conveyances or leases made by operation of law and distributions made from estates of decedents to heirs or devisees, to a nonresident alien as grantee or lessee, such conveyance or lease shall disclose, in an affidavit to be recorded therewith as a precondition to recordation, the name, address, and citizenship of the nonresident alien. In addition, if the nonresident alien is a partnership, limited partnership, corporation or trust, the affidavit shall also disclose the names, addresses, and citizenship of the nonresident alien individuals who are the beneficial owners of such entities. However, any partnership, limited partnership, corporation, or trust which has a class of equity securities registered with the United States securities and exchange commission under section twelve (12) of the Securities Exchange Act of 1934 as amended to January 1, 1978, need only state that fact on the affidavit.

Failure to record a conveyance or lease of agricultural land required to be recorded by this section by the grantee or lessee within the specified time limit is punishable by a fine not to exceed one hundred dollars per day for each