

Agriculture
Waldstein, Chairperson
A. Miller
Tieden

1979
to House file
Calendar

HOUSE FILE 451

BY COMMITTEE ON AGRICULTURE

(Formerly Study Bill 39)

Passed House, Date 3-1-77 (p. 717) Passed Senate, Date 4-6-79 (p. 1103)
Vote: Ayes 90 Nays 1 Vote: Ayes 43 Nays 0
Approved April 20, 1979

A BILL FOR

1 An Act to prohibit certain corporations and certain trusts
2 from acquiring or leasing agricultural land in Iowa,
3 providing an enforcement mechanism therefor and providing
4 a penalty.

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

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451

1 Section 1. Section one hundred seventy-two C point four
2 (172C.4), Code 1979, is amended to read as follows:

3 172C.4 TEMPORARY RESTRICTION ON INCREASE OF HOLDINGS.

4 ~~For a period of five years from August 15, 1975 no~~ no
5 corporation or trust, other than a family farm corporation,
6 authorized farm corporation, family trust, authorized trust
7 or testamentary trust shall, either directly or indirectly,
8 acquire or otherwise obtain or lease any agricultural land
9 in this state. However, the restrictions provided in this
10 section shall not apply to the following:

11 1. A bona fide encumbrance taken for purposes of security.

12 2. Agricultural land acquired by a corporation for research
13 or experimental purposes, if the commercial sales from such
14 agricultural land are incidental to the research or
15 experimental objectives of the corporation, and agricultural
16 land acquired for the purpose of testing, developing or
17 producing seeds, animals, or plants for sale or resale to
18 farmers or for purposes incidental to those purposes.

19 Commercial sales are incidental to the research or
20 experimental objectives of the corporation when they are less
21 than twenty-five percent of the gross sales of the primary
22 product of the research. The limitation provided in this
23 subsection shall not apply to corporations referred to in
24 subsection 3.

25 3. Agricultural land, including leasehold interests,
26 acquired by a nonprofit corporation organized under the
27 provisions of chapters 504 and 504A including land acquired
28 and operated by or for a state university for research, ex-
29 perimental, demonstration, foundation seed increase or test
30 purposes and land acquired and operated by or for nonprofit
31 corporations organized specifically for research, experimental,
32 demonstration, foundation seed increase or test purposes in
33 support of or in conjunction with a state university.

34 4. Agricultural land acquired by a corporation for im-
35 mediate or potential use in nonfarming purposes.

1 5. Agricultural land acquired by a corporation by process
2 of law in the collection of debts, or pursuant to a contract
3 for deed executed prior to August 15, 1975, or by any procedure
4 for the enforcement of a lien or claim thereon, whether created
5 by mortgage or otherwise.

6 6. A municipal corporation.

7 7. Agricultural land which is acquired by a trust company
8 or bank in a fiduciary capacity or as trustee for a family
9 trust, authorized trust or testamentary trust or for nonprofit
10 corporations.

11 8. A corporation or its subsidiary organized under chapter
12 491 and to which section 312.8 is applicable.

13 9. Agricultural land held or leased by a corporation on
14 July 1, 1975, as long as the corporation holding or leasing
15 the land on this date continues to hold or lease such
16 agricultural land.

17 10. Agricultural land held or leased by a trust on July
18 1, 1977, as long as the trust holding or leasing such land
19 on this date continues to hold or lease such agricultural
20 land.

21 11. Agricultural land acquired by a trust for immediate
22 use in nonfarming purposes.

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

34 Sec. 2. Section one hundred seventy-two C point seven
35 (172C.7), unnumbered paragraph one (1), Code 1979, is amended

1 to read as follows:

2 Every person acting in a fiduciary capacity or as a trustee
3 on behalf of any corporation, limited partnership or
4 nonresident alien ~~individual~~, who holds agricultural land
5 in this state outside the corporate limits of any city, shall
6 file with the secretary of state on or before January 31
7 thirty-first of each year a report as follows:

8 Sec. 3. Section one hundred seventy-two C point eleven
9 (172C.11), Code 1979, is amended to read as follows:

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

13 For purposes of this section a report is timely filed if
14 the report is filed prior to May 1 first of the year in which
15 it is required to be filed.

16 The secretary of state shall notify a person ~~whom~~ who the
17 secretary has reason to believe is required to file a report
18 as provided by this chapter and who has not filed a timely
19 report, that the person may be in violation of this section.
20 After thirty days from receipt of the notice, any person re-
21 quired to report under this chapter who has not filed, shall
22 be assessed a civil ~~fine~~ penalty of one hundred dollars for
23 each day in which the report is not filed. The secretary
24 of state shall include in the notice, a statement of the
25 penalty which will be assessed if the report is required and
26 is not filed within thirty days. This penalty shall be in
27 addition to any other penalty under this chapter. The
28 secretary of state shall notify the state attorney general,
29 when the secretary of state has reason to believe a violation
30 of this chapter has occurred.

31 Sec. 4. This Act is effective January first following
32 its enactment.

33

EXPLANATION

34 This bill makes permanent the temporary moratorium on
35 acquisition of agricultural land by corporations and trusts

1 which are not family farm corporations, authorized farm
2 corporations, family trusts, or testamentary trusts and extends
3 the penalty for violation of the moratorium to trusts other
4 than family trusts, authorized trusts or testamentary trusts.

5 The bill also clarifies that the fine under section 172C.11
6 of the Code for failure to timely file a report or for false
7 filing of a report is a civil penalty, not a criminal penalty,
8 and requires the secretary of state to notify the state
9 attorney general when the secretary has reason to believe
10 there has been a violation of the chapter.

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HOUSE FILE 451

AN ACT

TO PROHIBIT CERTAIN CORPORATIONS AND CERTAIN TRUSTS FROM ACQUIRING OR LEASING AGRICULTURAL LAND IN IOWA, PROVIDING AN ENFORCEMENT MECHANISM THEREFOR AND PROVIDING A PENALTY.

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

Section 1. Section one hundred seventy-two C point four (172C.4), Code 1979, is amended to read as follows:

172C.4 ~~TEMPORARY~~ RESTRICTION ON INCREASE OF HOLDINGS.

~~For a period of five years from August 15, 1975 to~~ No corporation or trust, other than a family farm corporation, authorized farm corporation, family trust, authorized trust or testamentary trust shall, either directly or indirectly, acquire or otherwise obtain or lease any agricultural land in this state. However, the restrictions provided in this section shall not apply to the following:

1. A bona fide encumbrance taken for purposes of security.
2. Agricultural land acquired by a corporation for research or experimental purposes, if the commercial sales from such agricultural land are incidental to the research or experimental objectives of the corporation, and agricultural land acquired for the purpose of testing, developing or producing seeds, animals, or plants for sale or resale to farmers or for purposes incidental to those purposes.

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 3.

3. Agricultural land, including leasehold interests, acquired by a nonprofit corporation organized under the

provisions of chapters 504 and 504A 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.

4. Agricultural land acquired by a corporation for immediate or potential use in nonfarming purposes.
5. Agricultural land acquired by a corporation by process of law in the collection of debts, or pursuant to a contract for deed executed prior to August 15, 1975, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise.

6. A municipal corporation.

7. Agricultural land which is acquired by a trust company or bank in a fiduciary capacity or as trustee for a family trust, authorized trust or testamentary trust or for nonprofit corporations.

8. A corporation or its subsidiary organized under chapter 491 and to which section 312.8 is applicable.

9. Agricultural land held or leased by a corporation on July 1, 1975, as long as the corporation holding or leasing the land on this date continues to hold or lease such agricultural land.

10. Agricultural land held or leased by a trust on July 1, 1977, as long as the trust holding or leasing such land on this date continues to hold or lease such agricultural land.

11. Agricultural land acquired by a trust for immediate use in nonfarming purposes.

12. Any corporation ~~or trust~~, other than a family farm corporation ~~or an~~ authorized farm corporation, family trust, authorized trust or testamentary trust, violating the provisions of this section shall upon conviction, be punished

by a fine of not more than fifty thousand dollars and shall divest itself of any land acquired in violation of this section within one year after conviction. The courts of this state may prevent and restrain violations of this section through the issuance of an injunction. The attorney general or a county attorney shall institute suits on behalf of the state to prevent and restrain violations of this section.

Sec. 2. Section one hundred seventy-two C point seven (172C.7), unnumbered paragraph one (1), Code 1979, is amended to read as follows:

Every person acting in a fiduciary capacity or as a trustee on behalf of any corporation, limited partnership or nonresident alien ~~individual~~, who holds agricultural land in this state outside the corporate limits of any city, shall file with the secretary of state on or before January ~~31~~ thirty-first of each year a report as follows:

Sec. 3. Section one hundred seventy-two C point eleven (172C.11), Code 1979, is amended to read as follows:

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

For purposes of this section a report is timely filed if the report is filed prior to May ~~1~~ first of the year in which it is required to be filed.

The secretary of state shall notify a person ~~whom~~ who 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~~ penalty 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. The secretary of state shall notify the state attorney general, when the secretary of state has reason to believe a violation of this chapter has occurred.

Sec. 4. This Act is effective January first following its enactment.

FLOYD H. MILLEN
Speaker of the House

TERRY E. BRANSTAD
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 451, Sixty-eighth General Assembly.

DAVID L. WRAY
Chief Clerk of the House

Approved April 20, 1979

ROBERT D. RAY
Governor