

Sen Agriculture 2/3/83
To Pass #16 (p. 1141)
HOUSE FILE 557

Agriculture
Van Gilst, Chair
Hester
Gallagher

HOUSE FILE 557

BY COMMITTEE ON AGRICULTURE

MAR 22 1983

(Formerly Study Bill 271)

Place On Calendar

Passed House, Date 3-30-83 (p. 977) Passed Senate, Date 4-25-83 (p. 1291)

Vote: Ayes 80 Nays 17 Vote: Ayes 32 Nays 11

Approved 9/10/10, 1983 (p. 2043)

Repassed House as amended by Senate
4-29-83 (p. 1071) *motion to reconsider 4/26 (1408); w/d 4/27/83*

64-32

A BILL FOR

1 An Act relating to the use of the Bankhead-Jones Farm
2 Tenant Act funds by the family farm development authority
3 to insure or guarantee loans made to certain farmers.

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

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HF 557

1 Section 1. Section 175.30, Code 1983, is amended by adding
2 the following new unnumbered paragraph:
3 NEW UNNUMBERED PARAGRAPH. Beginning with the effective
4 date of this Act, the authority shall establish an insurance
5 or guarantee loan program with those funds received pursuant
6 to section 175.28 to the extent those funds were not committed
7 under a program authorized by this chapter on the effective
8 date of this Act. This program shall provide for the insuring
9 or guaranteeing of seventy-five percent of the amount of an
10 agricultural loan, not in excess of twenty-five thousand
11 dollars, made to a beginning farmer to provide new operating
12 moneys for farming purposes in this state. The authority
13 shall insure or guarantee only one such loan of that farmer.
14 The authority shall insure or guarantee a loan for only one
15 year but with the option to extend the insurance or guarantee
16 once for an additional year. The authority shall not insure
17 or guarantee a loan where the ratio of the beginning farmer's
18 liabilities, excluding the amount of the loan, to assets is
19 greater than three to one. Provision shall be made in the
20 insuring or guaranteeing of a loan that only those funds set
21 aside for this program as provided in this paragraph shall
22 be used for the payment of all or a portion of the loan insured
23 or guaranteed. Provision shall also be made which provides
24 that the authority shall pay under its insurance or guarantee
25 seventy-five percent of the actual amount of the default.
26 A mortgage lender which seeks to have a loan of the lender
27 insured or guaranteed under this program shall apply to the
28 authority for the insurance or guarantee pursuant to rules
29 established by the authority for this purpose. This program
30 shall not obligate the state, authority, or other agency
31 except to the extent provided in this paragraph. The authority
32 shall define by rule what constitutes a loan made to provide
33 new operating moneys which definition shall not include a
34 loan made for acquisition of agricultural land or agricultural
35 improvements, or the refinancing of an existing loan even

1 if made for operating purposes.

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EXPLANATION

3 The bill requires that the family farm development authority
4 establish a program to insure or guarantee loans made to
5 farmers for agricultural purposes in this state. Preference
6 is to be given to loans made to beginning farmers. The funds
7 for this program will be those Bankhead-Jones Farm Tenant
8 Act funds which the authority has received from the United
9 States secretary of agriculture. Only these funds are
10 available to be used for the payment of loans insured or
11 guaranteed under this program. No other state moneys or
12 authority funds shall be used.

13 The bill takes effect July 1 following enactment.

HOUSE FILE 557

FISCAL NOTE

REQUESTED BY REPRESENTATIVE COCHRAN

In compliance with a written request received March 4, 1983, there is hereby submitted a Fiscal Note for House File 557 pursuant to Joint Rule 17. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

House File 557 is an Act relating to the use of the Bankhead-Jones Farm Trust Act funds by the Family Farm Development Authority to insure or guarantee loans made to certain farmers.

There is currently approximately \$3,000,000 in this fund. This Act would provide a 75 percent loan guarantee for farming expenses not to exceed \$25,000 per loan. In the event of loan default, 75 percent of the loss would be paid from this fund. It is not possible to project how many loans will default or how much the fund will be reduced.

Fiscal Impact: The cost of administering the program is estimated at \$25,000 for FY 1984 and \$24,000 for FY 1985.

(1508H, 83-332, AHS)

Source: Iowa Family Farm Development Authority

FILED APRIL 18, 1983

BY DENNIS PROUTY, FISCAL DIRECTOR

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LSB 1508H 70

mg/rr/8.1

HOUSE FILE 557

S-3653

1 Amend House File 557 as passed by the House, as
2 follows:
3 1. Page 2, by inserting after line 1 the following:
4 "Sec. 2. As soon as possible after June 30, 1983,
5 the Iowa family farm development authority shall
6 request the secretary of agriculture of the United
7 States to agree to amending the agreement between
8 the authority and the secretary entered into pursuant
9 to section 175.29 by increasing the maximum percentage
10 of the trust assets covered by the agreement which
11 may be used for administration expenses of the
12 authority from three percent to five percent.
13 Sec. 3. Section 1 of this Act takes effect on
14 the date that the agreement between the Iowa family
15 farm development authority and the secretary of
16 agriculture of the United States is amended for the
17 reason specified in section 2 of this Act."

S-3653 FILED
APRIL 22, 1983

BY BILL HUTCHINS
BASS VAN GILST

Place out of order 4/25 (p. 1391)

HOUSE FILE 557

S-3661

1 Amend House File 557 as passed by the House, as
2 follows:
3 1. Page 2, by inserting after line 1 the following:
4 "Sec. 2. As soon as possible after June 30, 1983,
5 the Iowa family farm development authority shall
6 request the secretary of agriculture of the United
7 States to amend the agreement between the authority
8 and the secretary pursuant to section 175.29 to
9 increase from three percent to five percent the maximum
10 percentage of the trust assets covered by the agreement
11 which may be used for administration expenses of the
12 authority.
13 Sec. 3. Section 1 of this Act takes effect on
14 the date that the agreement between the Iowa family
15 farm development authority and the secretary of
16 agriculture of the United States is amended for the
17 reason specified in section 2 of this Act."

S-3661 FILED & ADOPTED
APRIL 25, 1983 (p. 1391)

BY BILL HUTCHINS
BASS VAN GILST
ARNE WALDSTEIN

SENATE AMENDMENT TO HOUSE FILE 557

H-3878

1 Amend House File 557 as passed by the House, as
2 follows:

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

4 "Sec. 2. As soon as possible after June 30, 1983,
5 the Iowa family farm development authority shall
6 request the secretary of agriculture of the United
7 States to amend the agreement between the authority
8 and the secretary pursuant to section 175.29 to
9 increase from three percent to five percent the maximum
10 percentage of the trust assets covered by the agreement
11 which may be used for administration expenses of the
12 authority.

13 Sec. 3. Section 1 of this Act takes effect on
14 the date that the agreement between the Iowa family
15 farm development authority and the secretary of
16 agriculture of the United States is amended for the
17 reason specified in section 2 of this Act."

H-3878 FILED APRIL 28, 1983

RECEIVED FROM THE SENATE

House concurred 4/29/83 (p. 1670)

HOUSE FILE 557

H-3423

1 Amend House File 557 as follows:

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

4 "Section 1. Section 175, Code 1983, is amended
5 by adding the following new section:

6 NEW SECTION. DISPLACED FARMERS RETRAINING PROGRAM.

7 The general assembly finds that it believes that a
8 state of economic emergency exists in Iowa and in
9 an attempt to provide relief to those individuals
10 who have lost their employment in farming the general
11 assembly offers the following program.

12 The authority shall establish an insured loan
13 program for displaced farmers or members of their
14 families or farm laborers who have lost their farm
15 employment or farm property due to foreclosure actions
16 on real estate mortgages, deeds of trust of real
17 property and contracts for the purchase of real estate
18 with up to fifty percent of those funds received
19 pursuant to section 175.28 to the extent those funds
20 were not committed under a program authorized by this
21 chapter on the effective date of this Act. Proceeds
22 from loans received under this program must be used
23 for retraining of the recipient consistent with rules
24 established by the authority. The insured loan program
25 shall provide for the insuring or guaranteeing of
26 one hundred percent of the amount of a loan received
27 under this program, not to exceed ten thousand dollars.
28 No more than one loan may be received by an individual
29 in a twelve-month period and no more than twenty-five
30 thousand dollars in loan insurance or guarantees may
31 be received by an individual under this program.

32 The authority shall have rule-making authority
33 to develop the necessary rules and regulations to
34 implement this program. The authority may enter into
35 agreements with other state agencies under chapter
36 28E, Code 1983, for the purposes of fulfilling the
37 requirements of this section."

38 2. By renumbering sections as required by this
39 amendment.

H-3423 FILED MARCH 28, 1983 BY STROMER of Hancock

Load 3/30/83 (p. 976)

HOUSE FILE 557

H-3443

1 Amend House File 557 as follows:

2 1. Page 1, line 9, by striking the word "seventy-
3 five" and inserting in lieu thereof the word "fifty".

4 2. Page 1, line 25, by striking the word "seventy-
5 five" and inserting in lieu thereof the word "fifty".

H-3443 FILED MARCH 29, 1983 BY VAN MAANEN of Mahaska

Load 3/30/83 (p. 976)

HOUSE FILE 557

AN ACT

RELATING TO THE USE OF THE BANKHEAD-JONES FARM TENANT ACT FUNDS BY THE FAMILY FARM DEVELOPMENT AUTHORITY TO INSURE OR GUARANTEE LOANS MADE TO CERTAIN FARMERS.

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

Section 1. Section 175.30, Code 1983, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Beginning with the effective date of this Act, the authority shall establish an insurance or guarantee loan program with those funds received pursuant to section 175.29 to the extent those funds were not committed under a program authorized by this chapter on the effective date of this Act. This program shall provide for the insuring or guaranteeing of seventy-five percent of the amount of an agricultural loan, not in excess of twenty-five thousand dollars, made to a beginning farmer to provide new operating

moneys for farming purposes in this state. The authority shall insure or guarantee only one such loan of that farmer. The authority shall insure or guarantee a loan for only one year but with the option to extend the insurance or guarantee once for an additional year. The authority shall not insure or guarantee a loan where the ratio of the beginning farmer's liabilities, excluding the amount of the loan, to assets is greater than three to one. Provision shall be made in the insuring or guaranteeing of a loan that only those funds set aside for this program as provided in this paragraph shall be used for the payment of all or a portion of the loan insured or guaranteed. Provision shall also be made which provides that the authority shall pay under its insurance or guarantee seventy-five percent of the actual amount of the default. A mortgage lender which seeks to have a loan of the lender insured or guaranteed under this program shall apply to the authority for the insurance or guarantee pursuant to rules established by the authority for this purpose. This program shall not obligate the state, authority, or other agency except to the extent provided in this paragraph. The authority shall define by rule what constitutes a loan made to provide new operating moneys which definition shall not include a loan made for acquisition of agricultural land or agricultural improvements, or the refinancing of an existing loan even if made for operating purposes.

Sec. 2. As soon as possible after June 30, 1983, the Iowa family farm development authority shall request the secretary of agriculture of the United States to amend the agreement between the authority and the secretary pursuant to section 175.29 to increase from three percent to five percent the maximum percentage of the trust assets covered by the agreement which may be used for administration expenses of the authority.

Sec. 3. Section 1 of this Act takes effect on the date that the agreement between the Iowa family farm development authority and the secretary of agriculture of the United

States is amended for the reason specified in section 2 of this Act.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 557, Seventieth General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved May 10, 1983

TERRY E. BRANSTAD
Governor