

Reprinted 2/3/86

FEB 18 1986

HOUSE FILE 2313

Place On Calendar

BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(Formerly House File 685)

Passed House, Date 2-28-86 (p. 497) Passed Senate, Date 4-3-86 (P.1024)

Vote: Ayes 94 Nays 4 Vote: Ayes 36 Nays 11

Approved April 18, 1997

A BILL FOR

5/80 1 An Act relating to horticultural crops and nontraditional crops
2 by creating a linked deposit program to provide loan moneys
3 for the production, processing, and marketing of horticultural
4 crops or nontraditional crops and providing a preference for
5 purchasing horticultural products grown in this state, and
6 providing for a repeal.

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

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HF 2313

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all

1 Section 1. NEW SECTION. 12.31 SHORT TITLE.

2 This division shall be known as the "Iowa Linked Deposit
3 Act".

4 Sec. 2. NEW SECTION. 12.32 DEFINITIONS.

5 As used in this division, unless the context otherwise re-
6 quires:

7 1. "Eligible lending institution" means a financial in-
8 stitution that is empowered to make commercial loans, is
9 eligible pursuant to chapter 453 to be a depository of state
10 funds, and agrees to participate in the linked deposit pro-
11 gram.

12 2. "Eligible borrower" means any person who is in the
13 business or is entering the business of producing, processing,
14 or marketing horticultural crops or nontraditional crops in
15 this state.

16 3. "Linked deposit" means a certificate of deposit placed
17 pursuant to this division by the treasurer of state with an
18 eligible lending institution, at below-current market rates on
19 the condition that the institution agrees to lend the value of
20 the deposit, according to the deposit agreement provided in
21 section 12.37, to an eligible borrower at a rate not to exceed
22 four percent above the rate paid on the certificate of
23 deposit.

24 Sec. 3. NEW SECTION. 12.33 LEGISLATIVE FINDINGS AND IN-
25 TENT -- PURPOSE.

26 1. The general assembly finds the following:

27 a. That many horticultural operations throughout the state
28 are experiencing economic stagnation or decline.

29 b. That high interest rates have caused potentially viable
30 operations to cease or not expand in the area of horticultural
31 or nontraditional crop production, processing, or marketing.

32 2. The linked deposit program provided for in this divi-
33 sion is intended to provide statewide availability of lower
34 cost funds for lending purposes that will stimulate existing
35 or encourage new businesses in the area of producing,

1 processing, or marketing horticultural or nontraditional
2 crops.

3 3. It is the public policy of the state through the linked
4 deposit program to create an availability of lower cost funds
5 to inject needed capital into the business of producing,
6 processing, or marketing horticultural crops or nontraditional
7 crops.

8 Sec. 4. NEW SECTION. 12.34 LINKED DEPOSITS --
9 LIMITATIONS.

10 1. The treasurer of state may invest up to ten percent of
11 the balance of the state pooled money fund in certificates of
12 deposit in eligible lending institutions pursuant to this
13 division.

14 2. The treasurer shall adopt rules pursuant to chapter 17A
15 to implement this division including, but not limited to,
16 rules identifying horticultural crops and nontraditional crops
17 for which the linked deposits may be loaned.

18 Sec. 5. NEW SECTION. 12.35 APPLICATION.

19 1. An eligible lending institution that desires to receive
20 a linked deposit shall accept and review applications for
21 loans from eligible borrowers. The lending institution shall
22 apply all usual lending standards to determine the credit
23 worthiness of each eligible borrower. Loan applications shall
24 be for the purchase or lease of land, machinery, equipment,
25 seed, fertilizer, direct marketing facilities, or new or
26 expanding processing facilities for horticultural crops or
27 nontraditional crops. The maximum size of a loan is one
28 hundred thousand dollars per borrower for a production loan
29 and two hundred fifty thousand dollars for processing or
30 marketing facilities.

31 2. The eligible financial institution shall forward to the
32 state treasurer a linked deposit loan package in the form and
33 manner as prescribed by the treasurer of state. The package
34 shall include information required by the treasurer of state,
35 including but not limited to the amount of the loan requested

1 and the purpose of the loan. The institution shall certify
2 that the applicant is an eligible borrower and shall certify
3 the present borrowing rate applicable to the specific eligible
4 borrower.

5 Sec. 6. NEW SECTION. 12.36 ACTIONS BY TREASURER.

6 1. The treasurer of state shall accept or reject a linked
7 deposit loan package or any portion of the package based on
8 the type or terms of the loan involved.

9 2. Upon acceptance of the linked deposit loan package or
10 any portion of the package, the state treasurer shall place
11 certificates of deposit with the eligible lending institution
12 at the agreed upon rates. When necessary, the treasurer may
13 place certificates of deposit prior to acceptance of a linked
14 deposit loan package.

15 3. The eligible lending institution shall enter into a
16 deposit agreement with the treasurer of state, which shall in-
17 clude requirements necessary to carry out this division. The
18 requirements shall reflect the market conditions prevailing in
19 the eligible lending institution's lending area. The
20 agreement may include a specification of the period of time in
21 which the lending institution is to lend funds upon the
22 placement of a linked deposit, and shall include provisions
23 for the certificates of deposit to be placed for one-year
24 maturities that may be renewed for additional years. Interest
25 shall be paid at the times determined by the treasurer of
26 state.

27 Sec. 7. NEW SECTION. 12.37 LOANS.

28 1. Upon the placement of a linked deposit with an eligible
29 lending institution, the institution is required to lend the
30 funds to the eligible borrower listed in the linked deposit
31 loan package and in accordance with the deposit agreement.
32 The loan shall be at a rate not more than four percent above
33 the rate paid the treasurer by the financial institution. The
34 eligible lending institution shall be required to submit a
35 certification of compliance with this section in the form and

1 manner as prescribed by the treasurer of state.

2 2. The treasurer of state shall take all steps necessary
3 to implement the linked deposit program and monitor compliance
4 of eligible lending institutions and eligible borrowers.

5 Sec. 8. NEW SECTION. 12.38 REPORTS.

6 By February 1 of each year, the treasurer of state shall
7 report on the linked deposit program for the preceding
8 calendar year to the governor, the speaker of the house of
9 representatives, and the president of the senate. The speaker
10 of the house shall transmit copies of this report to the
11 chairs of the standing committees in the house which
12 customarily consider legislation regarding agriculture and
13 commerce, and the president of the senate shall transmit
14 copies of this report to the chairs of the standing committees
15 in the senate which customarily consider legislation regarding
16 agriculture and commerce. The report shall set forth the
17 linked deposits made by the treasurer of state under the
18 program during the year and shall include information
19 regarding the nature, terms, and amounts of the loans upon
20 which the linked deposits were based and the eligible
21 borrowers to which the loans were made.

22 Sec. 9. NEW SECTION. 12.39 LIABILITY.

23 The state and the treasurer of state are not liable to an
24 eligible lending institution in any manner for payment of the
25 principal or interest on the loan to an eligible borrower.
26 Any delay in payments or default on the part of an eligible
27 borrower does not in any manner affect the deposit agreement
28 between the eligible lending institution and the treasurer of
29 state.

30 Sec. 10. Section 73.1, Code 1985, is amended to read as
31 follows:

32 73.1 PREFERENCE AUTHORIZED -- CONDITIONS.

33 Every commission, board, committee, officer or other
34 governing body of the state, or of any county, township,
35 school district or city, and every person acting as

1 contracting or purchasing agent for any such commission,
2 board, committee, officer or other governing body shall use
3 only those products and provisions grown and coal produced
4 within the state of Iowa, when they are found in marketable
5 quantities in the state and are of a quality reasonably suited
6 to the purpose intended, and can be secured without additional
7 cost over foreign products or products of other states. This
8 section shall apply to horticultural products grown in this
9 state even if the products are not in the stage of processing
10 that the agency usually purchases the product. However, this
5201 11 section does not apply to a school district purchasing food
12 participating in the federal school lunch program.

5201 > 13 Sec. 11. It is the intent of the general assembly that
14 this Act shall have temporary effect only, that sections 1
15 through 9 of this Act are repealed on July 1, 1989, and that
16 the amendments to section 73.1 made in this Act shall be
17 stricken on July 1, 1989.

5150 > 18 EXPLANATION

19 This bill provides that the treasurer of state may enter
20 into arrangements with financial institutions of this state
21 for the treasurer to place certain public funds with the
22 financial institution at a below market rate in exchange for
23 the financial institution agreeing to loan the moneys at a
24 lower rate to persons who are seeking loans for producing,
25 processing, or marketing of horticultural crops or
26 nontraditional crops. The bill also provides for a preference
27 for Iowa horticultural crops when agencies of the state or a
28 subdivision of the state purchase food.

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HOUSE FILE 2313

H-5149

1 Amend House File 2313 as follows:

- 2 1. Page 1, line 18, by striking the word "below-
- 3 current" and inserting the following: "an interest
- 4 rate two percent below current".
- 5 2. Page 3, line 12, by striking the words "at the
- 6 agreed upon rates" and inserting the following: "at a
- 7 rate two percent below the current market rate".

BY METCALF of Polk

H-5149 FILED FEBRUARY 24, 1986

SWARTZ of Marshall

Adopted 2/28 (p. 496)

HOUSE FILE 2313

H-5180

1 Amend House File 2313 as follows:

- 2 1. Page 5, by inserting after line 17 the
- 3 following:
- 4 "Sec. _____. This Act, being deemed of immediate
- 5 importance, takes effect from and after its
- 6 publication in The Bancroft Register, a newspaper
- 7 published in Bancroft, Iowa, and in the Marshalltown
- 8 Times-Republican, a newspaper published in
- 9 Marshalltown, Iowa."
- 10 2. Title page, line 5, by striking the word
- 11 "and".
- 12 3. Title page, line 6, by inserting after the
- 13 word "repeal" the following: ", and providing for an
- 14 effective date".
- 15 4. Renumber as necessary.

H-5180 FILED FEBRUARY 26, 1986 BY SWARTZ of Marshall

Adopted 2/28 (p. 497)

HOUSE FILE 2313

H-5201

1 Amend House File 2313 as follows:

- 2 1. Page 5, line 11, by inserting after the word
- 3 "food" the following: "while the school district is".
- 4 2. Page 5, by inserting after line 12 the
- 5 following:
- 6 "Sec. _____. Section 73.5, Code 1985, is amended to
- 7 read as follows:
- 8 73.5 VIOLATIONS.
- 9 Any An officer or person who is connected with, or
- 10 is a member or agent or representative of any a
- 11 commission, board, committee, officer or other
- 12 governing body of this state, or of any county,
- 13 township, school district, city, or contractor, who
- 14 fails to give preference to ~~Iowa-labor~~ as required in
- 15 ~~sections-73:3-and-73:4, shall-be~~ this chapter is
- 16 guilty of a simple misdemeanor. Each separate case of
- 17 failure to give preference to ~~Iowa-labor shall~~
- 18 constitute is a separate offense."
- 19 3. Title page, line 5, by inserting after the
- 20 word "state," the following: "providing for
- 21 penalties,".
- 22 4. Renumber as necessary.

H-5201 FILED FEBRUARY 27, 1986 BY SWARTZ of Marshall

Adopted 2/28 (p. 496)

HOUSE FILE 2313

H-5182

1 Amend House File 2313 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. NEW SECTION. 12.31 SHORT TITLE.

5 This division shall be known as the "Iowa Linked
6 Deposit Act".

7 Sec. 2. NEW SECTION. 12.32 DEFINITIONS.

8 As used in this division, unless the context
9 otherwise requires:

10 1. "Eligible lending institution" means a
11 financial institution that is empowered to make
12 commercial loans, is eligible pursuant to chapter 453
13 to be a depository of state funds, and agrees to
14 participate in the linked deposit program.

15 2. "Eligible small business or farming operation"
16 means a person that is engaged in the operation of a
17 small business as defined in section 220.1, subsection
18 28, or engaged in farming as defined in section
19 172C.1, subsection 6, including an individual, an au-
20 thorized farm corporation as defined in section
21 172C.1, subsection 9, or a family farm corporation as
22 defined in section 172C.1, subsection 8 and that has
23 all of the following characteristics:

24 a. Has its principal place of business in this
25 state.

26 b. Maintains offices, operating facilities, or
27 farming operations exclusively in this state and
28 transacts business in this state.

29 c. A majority of its employees are residents of
30 this state.

31 d. Is organized for profit.

32 3. "Linked deposit" means a certificate of deposit
33 placed by the treasurer of state with an eligible
34 lending institution, at three percent below current
35 market rates that are determined and calculated by the
36 state treasurer, on the condition that the institution
37 agrees to lend the value of the deposit, according to
38 the deposit agreement provided in section 12.37, to
39 eligible small businesses or farming operations at
40 three percent below the present borrowing rate
41 applicable to the specific business at the time of the
42 deposit of state funds in the institution.

43 Sec. 3. NEW SECTION. 12.33 LEGISLATIVE FINDINGS
44 AND INTENT -- PURPOSE.

45 1. The general assembly finds the following:

46 a. That many small businesses and farming
47 operations throughout the state are experiencing
48 economic stagnation or decline.

49 b. That high interest rates have caused small
50 businesses and farming operation in this state to

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Page Two

1 suffer disproportionately in profitability and
2 competition.

3 c. That high interest rates have fostered a
4 serious increase in unemployment and farming operation
5 expenses.

6 2. The linked deposit program provided for in this
7 division is intended to provide a statewide
8 availability of lower cost funds for lending purposes
9 that will materially contribute to the economic and
10 agricultural revitalization of this state.

11 3. It is the public policy of the state through
12 the linked deposit program to create an availability
13 of lower cost funds to inject needed capital into the
14 business and farming communities, sustain or improve
15 business profitability, and protect the existence of
16 the small independent farm and the jobs of citizens of
17 this state.

18 Sec. 4. NEW SECTION. 12.34 LINKED DEPOSITS --
19 LIMITATIONS.

20 The treasurer of state may invest in linked
21 deposits. The total amount so deposited at any one
22 time shall not exceed the lesser of the following:

23 1. Ten percent of the state's total investment
24 portfolio.

25 2. Two hundred million dollars.

26 Sec. 5. NEW SECTION. 12.35 APPLICATION --
27 PENALTY.

28 1. An eligible lending institution that desires to
29 receive a linked deposit shall accept and review
30 applications for loans from eligible small businesses
31 or farming operations. The lending institution shall
32 apply all usual lending standards to determine the
33 credit worthiness of each eligible small business or
34 farming operation. The aggregate outstanding loans to
35 a single eligible small business or farming operation
36 under this program shall not exceed fifty thousand
37 dollars.

38 2. An eligible small business or farming operation
39 shall certify on its loan application that the reduced
40 rate loan will be used exclusively to create new jobs
41 or preserve existing jobs, employment opportunities,
42 and farming operations. A person who knowingly makes
43 a false statement on the application is guilty of an
44 aggravated misdemeanor.

45 3. In considering which eligible small businesses
46 or farm organizations should receive reduced rate
47 loans, the eligible lending institution shall give
48 priority to the economic needs of the area in which
49 the business is located, and the number of jobs to be
50 created or preserved, or to the continuance of a

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Page Three

1 farming operation by the receipt of the loan.
2 4. The eligible financial institution shall
3 forward to the state treasurer a linked deposit loan
4 package in the form and manner as prescribed by the
5 treasurer of state. The package shall include
6 information required by the treasurer of state, in-
7 cluding but not limited to the amount of the loan
8 requested and the number of jobs to be created or
9 sustained by each eligible small business and farm
10 operation. The institution shall certify that the
11 applicant is an eligible small business and for each
12 business or farming organization shall certify the
13 present borrowing rate applicable to the specific
14 eligible business or farming organization.

15 Sec. 6. NEW SECTION. 12.36 ACTIONS BY TREASURER.

16 1. The treasurer of state shall accept or reject a
17 linked deposit loan package or any portion of the
18 package based on the ratio of state funds to be
19 deposited to jobs or farming operations sustained or
20 created.

21 2. Upon acceptance of the linked deposit loan
22 package or any portion of the package, the state
23 treasurer shall place certificates of deposit with the
24 eligible lending institution at three percent below
25 current market rates, as determined and calculated by
26 the treasurer of state. When necessary, the treasurer
27 may place certificates of deposit prior to acceptance
28 of a linked deposit loan package.

29 3. The eligible lending institution shall enter
30 into a deposit agreement with the treasurer of state,
31 which shall include requirements necessary to carry
32 out this division. The requirements shall reflect the
33 market conditions prevailing in the eligible lending
34 institution's lending area. The agreement may include
35 a specification of the period of time in which the
36 lending institution is to lend funds upon the
37 placement of a linked deposit, and shall include
38 provisions for the certificates of deposit to be
39 placed for one-year maturities that may be renewed for
40 additional years. Interest shall be paid at the times
41 determined by the treasurer of state.

42 Sec. 7. NEW SECTION. 12.37 LOANS.

43 1. Upon the placement of a linked deposit with an
44 eligible lending institution, the institution is
45 required to lend the funds to the eligible small
46 business and farm operations listed in the linked
47 deposit loan package and in accordance with the
48 deposit agreement. The loan shall be at three percent
49 below the present borrowing rate applicable to the
50 business or farming organization as determined

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Page Four

1 pursuant to rules adopted by the treasurer of state
2 pursuant to chapter 17A. The eligible lending insti-
3 tution shall be required to submit a certification of
4 compliance with this section in the form and manner as
5 prescribed by the treasurer of state.

6 2. The treasurer of state shall take all steps
7 necessary to implement the linked deposit program and
8 monitor compliance of eligible lending institutions
9 and eligible small businesses and farm operations.

10 Sec. 8. NEW SECTION. 12.38 REPORTS.

11 By February 1 of each year, the treasurer of state
12 shall report on the linked deposit program for the
13 preceding calendar year to the governor, the speaker
14 of the house of representatives, and the president of
15 the senate. The speaker of the house shall transmit
16 copies of this report to the chairs of the standing
17 committees in the house which customarily consider
18 legislation regarding agriculture and small business,
19 and the president of the senate shall transmit copies
20 of this report to the chairs of the standing
21 committees in the senate which customarily consider
22 legislation regarding agriculture and small business.
23 The report shall set forth the linked deposits made by
24 the treasurer of state under the program during the
25 year and shall include information regarding the
26 nature, terms, and amounts of the loans upon which the
27 linked deposits were based and the eligible small
28 businesses or farm organizations to which the loans
29 were made.

30 Sec. 9. NEW SECTION. 12.39 LIABILITY.

31 The state and the treasurer of state are not liable
32 to an eligible lending institution in any manner for
33 payment of the principal or interest on the loan to an
34 eligible small business or farming organization. Any
35 delay in payments or default on the part of an
36 eligible small business or farming organization does
37 not in any manner affect the deposit agreement between
38 the eligible lending institution and the treasurer of
39 state."

40 2. Title page, by striking lines 1 through 6 and
41 inserting the following: "An Act creating a linked
42 deposit program to provide moneys for below-market
43 interest rates for eligible small business and farming
44 organizations and providing penalties."

BY HARBOR of Mills
SHONING of Woodbury
METCALF of Polk
ROYER of Page

DIEMER of Black Hawk

H-5182 FILED FEBRUARY 26, 1986

WELDEN of Hardin
PAULIN of Plymouth
HERMANN of Scott
BRANSTAD of Winnebago
DAGGETT of Taylor
HALVORSON of Clayton

Last 2/27 (p. 482)

Sen. Small Business 3/4 Do Pass 3/27 (p. 920)

HOUSE FILE 2313
BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(As Amended and Passed by the House February 28, 1986)

Passed House, Date _____ Passed Senate, Date 4-3-86 (p. 1024)
Vote: Ayes _____ Nays _____ Vote: Ayes 36 Nays 11
Approved April 18, 1986 (p. 1575)

A BILL FOR

1 An Act relating to horticultural crops and nontraditional crops
2 by creating a linked deposit program to provide loan moneys
3 for the production, processing, and marketing of horticultural
4 crops or nontraditional crops and providing a preference for
* 5 purchasing horticultural products grown in this state,
6 providing for penalties, providing for a repeal, and providing
7 for an effective date.

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

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House Amendments _____

Deleted Language *

1 Section 1. NEW SECTION. 12.31 SHORT TITLE.

2 This division shall be known as the "Iowa Linked Deposit
3 Act".

4 Sec. 2. NEW SECTION. 12.32 DEFINITIONS.

5 As used in this division, unless the context otherwise re-
6 quires:

7 1. "Eligible lending institution" means a financial in-
8 stitution that is empowered to make commercial loans, is
9 eligible pursuant to chapter 453 to be a depository of state
10 funds, and agrees to participate in the linked deposit pro-
11 gram.

12 2. "Eligible borrower" means any person who is in the
13 business or is entering the business of producing, processing,
14 or marketing horticultural crops or nontraditional crops in
15 this state.

16 3. "Linked deposit" means a certificate of deposit placed
17 pursuant to this division by the treasurer of state with an
18 eligible lending institution, at an interest rate two percent
19 below current market rates on the condition that the
20 institution agrees to lend the value of the deposit, according
21 to the deposit agreement provided in section 12.37, to an
22 eligible borrower at a rate not to exceed four percent above
23 the rate paid on the certificate of deposit.

24 Sec. 3. NEW SECTION. 12.33 LEGISLATIVE FINDINGS AND IN-
25 TENT -- PURPOSE.

26 1. The general assembly finds the following:

27 a. That many horticultural operations throughout the state
28 are experiencing economic stagnation or decline.

29 b. That high interest rates have caused potentially viable
30 operations to cease or not expand in the area of horticultural
31 or nontraditional crop production, processing, or marketing.

32 2. The linked deposit program provided for in this divi-
33 sion is intended to provide statewide availability of lower
34 cost funds for lending purposes that will stimulate existing
35 or encourage new businesses in the area of producing,

1 processing, or marketing horticultural or nontraditional
2 crops.

3 3. It is the public policy of the state through the linked
4 deposit program to create an availability of lower cost funds
5 to inject needed capital into the business of producing,
6 processing, or marketing horticultural crops or nontraditional
7 crops.

8 Sec. 4. NEW SECTION. 12.34 LINKED DEPOSITS --
9 LIMITATIONS.

10 1. The treasurer of state may invest up to ten percent of
11 the balance of the state pooled money fund in certificates of
12 deposit in eligible lending institutions pursuant to this
13 division.

14 2. The treasurer shall adopt rules pursuant to chapter 17A
15 to implement this division including, but not limited to,
16 rules identifying horticultural crops and nontraditional crops
17 for which the linked deposits may be loaned.

18 Sec. 5. NEW SECTION. 12.35 APPLICATION.

19 1. An eligible lending institution that desires to receive
20 a linked deposit shall accept and review applications for
21 loans from eligible borrowers. The lending institution shall
22 apply all usual lending standards to determine the credit
23 worthiness of each eligible borrower. Loan applications shall
24 be for the purchase or lease of land, machinery, equipment,
25 seed, fertilizer, direct marketing facilities, or new or
26 expanding processing facilities for horticultural crops or
27 nontraditional crops. The maximum size of a loan is one
28 hundred thousand dollars per borrower for a production loan
29 and two hundred fifty thousand dollars for processing or
30 marketing facilities.

31 2. The eligible financial institution shall forward to the
32 state treasurer a linked deposit loan package in the form and
33 manner as prescribed by the treasurer of state. The package
34 shall include information required by the treasurer of state,
35 including but not limited to the amount of the loan requested

1 and the purpose of the loan. The institution shall certify
2 that the applicant is an eligible borrower and shall certify
3 the present borrowing rate applicable to the specific eligible
4 borrower.

5 Sec. 6. NEW SECTION. 12.36 ACTIONS BY TREASURER.

6 1. The treasurer of state shall accept or reject a linked
7 deposit loan package or any portion of the package based on
8 the type or terms of the loan involved.

9 2. Upon acceptance of the linked deposit loan package or
10 any portion of the package, the state treasurer shall place
11 certificates of deposit with the eligible lending institution
12 at a rate two percent below the current market rate. When
13 necessary, the treasurer may place certificates of deposit
14 prior to acceptance of a linked deposit loan package.

15 3. The eligible lending institution shall enter into a
16 deposit agreement with the treasurer of state, which shall in-
17 clude requirements necessary to carry out this division. The
18 requirements shall reflect the market conditions prevailing in
19 the eligible lending institution's lending area. The
20 agreement may include a specification of the period of time in
21 which the lending institution is to lend funds upon the
22 placement of a linked deposit, and shall include provisions
23 for the certificates of deposit to be placed for one-year
24 maturities that may be renewed for additional years. Interest
25 shall be paid at the times determined by the treasurer of
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29 lending institution, the institution is required to lend the
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31 loan package and in accordance with the deposit agreement.
32 The loan shall be at a rate not more than four percent above
33 the rate paid the treasurer by the financial institution. The
34 eligible lending institution shall be required to submit a
35 certification of compliance with this section in the form and

1 manner as prescribed by the treasurer of state.

2 2. The treasurer of state shall take all steps necessary
3 to implement the linked deposit program and monitor compliance
4 of eligible lending institutions and eligible borrowers.

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7 report on the linked deposit program for the preceding
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11 chairs of the standing committees in the house which
12 customarily consider legislation regarding agriculture and
13 commerce, and the president of the senate shall transmit
14 copies of this report to the chairs of the standing committees
15 in the senate which customarily consider legislation regarding
16 agriculture and commerce. The report shall set forth the
17 linked deposits made by the treasurer of state under the
18 program during the year and shall include information
19 regarding the nature, terms, and amounts of the loans upon
20 which the linked deposits were based and the eligible
21 borrowers to which the loans were made.

22 Sec. 9. NEW SECTION. 12.39 LIABILITY.

23 The state and the treasurer of state are not liable to an
24 eligible lending institution in any manner for payment of the
25 principal or interest on the loan to an eligible borrower.
26 Any delay in payments or default on the part of an eligible
27 borrower does not in any manner affect the deposit agreement
28 between the eligible lending institution and the treasurer of
29 state.

30 Sec. 10. Section 73.1, Code 1985, is amended to read as
31 follows:

32 73.1 PREFERENCE AUTHORIZED -- CONDITIONS.

33 Every commission, board, committee, officer or other
34 governing body of the state, or of any county, township,
35 school district or city, and every person acting as

1 contracting or purchasing agent for any such commission,
2 board, committee, officer or other governing body shall use
3 only those products and provisions grown and coal produced
4 within the state of Iowa, when they are found in marketable
5 quantities in the state and are of a quality reasonably suited
6 to the purpose intended, and can be secured without additional
7 cost over foreign products or products of other states. This
8 section shall apply to horticultural products grown in this
9 state even if the products are not in the stage of processing
10 that the agency usually purchases the product. However, this
11 section does not apply to a school district purchasing food
12 while the school district is participating in the federal
13 school lunch program.

14 Sec. 11. Section 73.5, Code 1985, is amended to read as
15 follows:

16 73.5 VIOLATIONS.

17 Any An officer or person who is connected with, or is a
18 member or agent or representative of any a commission, board,
19 committee, officer or other governing body of this state, or
20 of any county, township, school district, city, or contractor,
21 who fails to give preference to-Iowa-labor as required in
22 sections-73-3-and-73-4,-shall-be this chapter is guilty of a
23 simple misdemeanor. Each separate case of failure to give
24 preference to-Iowa-labor-shall-constitute is a separate
25 offense.

26 Sec. 12. It is the intent of the general assembly that
27 this Act shall have temporary effect only, that sections 1
28 through 9 of this Act are repealed on July 1, 1989, and that
29 the amendments to section 73.1 made in this Act shall be
30 stricken on July 1, 1989.

31 Sec. 13. This Act, being deemed of immediate importance,
32 takes effect from and after its publication in The Bancroft
33 Register, a newspaper published in Bancroft, Iowa, and in the
34 Marshalltown Times-Republican, a newspaper published in
35 Marshalltown, Iowa.

HOUSE FILE 2313

AN ACT

RELATING TO HORTICULTURAL CROPS AND NONTRADITIONAL CROPS BY CREATING A LINKED DEPOSIT PROGRAM TO PROVIDE LOAN MONEYS FOR THE PRODUCTION, PROCESSING, AND MARKETING OF HORTICULTURAL CROPS OR NONTRADITIONAL CROPS AND PROVIDING A PREFERENCE FOR PURCHASING HORTICULTURAL PRODUCTS GROWN IN THIS STATE, PROVIDING FOR PENALTIES, PROVIDING FOR A REPEAL, AND PROVIDING FOR AN EFFECTIVE DATE.

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

Section 1. NEW SECTION. 12.31 SHORT TITLE.

This division shall be known as the "Iowa Linked Deposit Act".

Sec. 2. NEW SECTION. 12.32 DEFINITIONS.

As used in this division, unless the context otherwise requires:

1. "Eligible lending institution" means a financial institution that is empowered to make commercial loans, is eligible pursuant to chapter 453 to be a depository of state funds, and agrees to participate in the linked deposit program.
2. "Eligible borrower" means any person who is in the business or is entering the business of producing, processing, or marketing horticultural crops or nontraditional crops in this state.
3. "Linked deposit" means a certificate of deposit placed pursuant to this division by the treasurer of state with an eligible lending institution, at an interest rate two percent below current market rates on the condition that the institution agrees to lend the value of the deposit, according to the deposit agreement provided in section 12.37, to an eligible borrower at a rate not to exceed four percent above the rate paid on the certificate of deposit.

Sec. 3. NEW SECTION. 12.33 LEGISLATIVE FINDINGS AND INTENT -- PURPOSE.

1. The general assembly finds the following:
 - a. That many horticultural operations throughout the state are experiencing economic stagnation or decline.
 - b. That high interest rates have caused potentially viable operations to cease or not expand in the area of horticultural or nontraditional crop production, processing, or marketing.
2. The linked deposit program provided for in this division is intended to provide statewide availability of lower cost funds for lending purposes that will stimulate existing or encourage new businesses in the area of producing, processing, or marketing horticultural or nontraditional crops.
3. It is the public policy of the state through the linked deposit program to create an availability of lower cost funds to inject needed capital into the business of producing, processing, or marketing horticultural crops or nontraditional crops.

Sec. 4. NEW SECTION. 12.34 LINKED DEPOSITS -- LIMITATIONS.

1. The treasurer of state may invest up to ten percent of the balance of the state pooled money fund in certificates of deposit in eligible lending institutions pursuant to this division.
2. The treasurer shall adopt rules pursuant to chapter 17A to implement this division including, but not limited to, rules identifying horticultural crops and nontraditional crops for which the linked deposits may be loaned.

Sec. 5. NEW SECTION. 12.35 APPLICATION.

1. An eligible lending institution that desires to receive a linked deposit shall accept and review applications for loans from eligible borrowers. The lending institution shall apply all usual lending standards to determine the credit worthiness of each eligible borrower. Loan applications shall be for the purchase or lease of land, machinery, equipment,

seed, fertilizer, direct marketing facilities, or new or expanding processing facilities for horticultural crops or nontraditional crops. The maximum size of a loan is one hundred thousand dollars per borrower for a production loan and two hundred fifty thousand dollars for processing or marketing facilities.

2. The eligible financial institution shall forward to the state treasurer a linked deposit loan package in the form and manner as prescribed by the treasurer of state. The package shall include information required by the treasurer of state, including but not limited to the amount of the loan requested and the purpose of the loan. The institution shall certify that the applicant is an eligible borrower and shall certify the present borrowing rate applicable to the specific eligible borrower.

Sec. 6. NEW SECTION. 12.36 ACTIONS BY TREASURER.

1. The treasurer of state shall accept or reject a linked deposit loan package or any portion of the package based on the type or terms of the loan involved.

2. Upon acceptance of the linked deposit loan package or any portion of the package, the state treasurer shall place certificates of deposit with the eligible lending institution at a rate two percent below the current market rate. When necessary, the treasurer may place certificates of deposit prior to acceptance of a linked deposit loan package.

3. The eligible lending institution shall enter into a deposit agreement with the treasurer of state, which shall include requirements necessary to carry out this division. The requirements shall reflect the market conditions prevailing in the eligible lending institution's lending area. The agreement may include a specification of the period of time in which the lending institution is to lend funds upon the placement of a linked deposit, and shall include provisions for the certificates of deposit to be placed for one-year maturities that may be renewed for additional years. Interest shall be paid at the times determined by the treasurer of state.

Sec. 7. NEW SECTION. 12.37 LOANS.

1. Upon the placement of a linked deposit with an eligible lending institution, the institution is required to lend the funds to the eligible borrower listed in the linked deposit loan package and in accordance with the deposit agreement. The loan shall be at a rate not more than four percent above the rate paid the treasurer by the financial institution. The eligible lending institution shall be required to submit a certification of compliance with this section in the form and manner as prescribed by the treasurer of state.

2. The treasurer of state shall take all steps necessary to implement the linked deposit program and monitor compliance of eligible lending institutions and eligible borrowers.

Sec. 8. NEW SECTION. 12.38 REPORTS.

By February 1 of each year, the treasurer of state shall report on the linked deposit program for the preceding calendar year to the governor, the speaker of the house of representatives, and the president of the senate. The speaker of the house shall transmit copies of this report to the chairs of the standing committees in the house which customarily consider legislation regarding agriculture and commerce, and the president of the senate shall transmit copies of this report to the chairs of the standing committees in the senate which customarily consider legislation regarding agriculture and commerce. The report shall set forth the linked deposits made by the treasurer of state under the program during the year and shall include information regarding the nature, terms, and amounts of the loans upon which the linked deposits were based and the eligible borrowers to which the loans were made.

Sec. 9. NEW SECTION. 12.39 LIABILITY.

The state and the treasurer of state are not liable to an eligible lending institution in any manner for payment of the principal or interest on the loan to an eligible borrower. Any delay in payments or default on the part of an eligible borrower does not in any manner affect the deposit agreement

between the eligible lending institution and the treasurer of state.

Sec. 10. Section 73.1, Code 1985, is amended to read as follows:

73.1 PREFERENCE AUTHORIZED -- CONDITIONS.

Every commission, board, committee, officer or other governing body of the state, or of any county, township, school district or city, and every person acting as contracting or purchasing agent for any such commission, board, committee, officer or other governing body shall use only those products and provisions grown and coal produced within the state of Iowa, when they are found in marketable quantities in the state and are of a quality reasonably suited to the purpose intended, and can be secured without additional cost over foreign products or products of other states. This section shall apply to horticultural products grown in this state even if the products are not in the stage of processing that the agency usually purchases the product. However, this section does not apply to a school district purchasing food while the school district is participating in the federal school lunch program.

Sec. 11. Section 73.5, Code 1985, is amended to read as follows:

73.5 VIOLATIONS.

Any An officer or person who is connected with, or is a member or agent or representative of any a commission, board, committee, officer or other governing body of this state, or of any county, township, school district, city, or contractor, who fails to give preference ~~to Iowa labor~~ as required in ~~sections 73-3 and 73-47 shall be~~ this chapter is guilty of a simple misdemeanor. Each separate case of failure to give preference ~~to Iowa labor shall constitute~~ is a separate offense.

Sec. 12. It is the intent of the general assembly that this Act shall have temporary effect only, that sections 1 through 9 of this Act are repealed on July 1, 1989, and that

the amendments to section 73.1 made in this Act shall be stricken on July 1, 1989.

Sec. 13. This Act, being deemed of immediate importance, takes effect from and after its publication in The Bancroft Register, a newspaper published in Bancroft, Iowa, and in the Marshalltown Times-Republican, a newspaper published in Marshalltown, Iowa.

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 2313, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved April 18, 1986

TERRY E. BRANSTAD
Governor