

Reprinted 2/6/85

SENATE FILE 117

BY COMMITTEE ON AGRICULTURE
Approved 1/29 (p. 178)

FILED JAN 29 1985

Passed Senate, Date 2-4-85 (p. 257) Passed House, Date _____
Vote: Ayes 47 Nays 2 Vote: Ayes _____ Nays _____
Approved March 20, 1985

A BILL FOR

1 An Act relating to the Iowa family farm development authority
2 by revising definitions, amending requirements relating to
3 the board, and imposing conditions on loans made by the
4 authority to a beginning farmer.

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

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SF 117

S-3106

SENATE FILE 117

- 1 Amend Senate File 117 as follows:
- 2 1. Page 1, line 9 by striking the word "fifty".
- 3 2. Page 1, line 13 by striking the word "five"
- 4 and inserting the following: "four".
- 5 3. Page 1, line 15 by striking the word "fifty".

S-3106 Filed & Adopted *(p. 257)*
February 4, 1985

By PRIEBE, HUTCHINS, SOORHOLTZ,
WALDSTEIN

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1 Section 1. Section 175.2, subsections 5, 9, and 13, Code
2 1985, are amended to read as follows:

3 5. "Beginning farmer" means an individual or partnership
4 with a low or moderate net worth who that engages in farming
5 or wishes to engage in farming.

6 9. "Low or moderate net worth" means:

7 a. For an individual, an aggregate net worth of an the
8 individual and the individual's spouse and minor children, if
9 any, of less than one two hundred fifty thousand dollars.

10 b. For a partnership, an aggregate net worth of all
11 partners, including each partner's net capital in the
12 partnership, and each partner's spouse and minor children of
13 less than five hundred thousand dollars. However, the
14 aggregate net worth of each partner and that partner's spouse
15 and minor children shall not exceed two hundred fifty thousand
16 dollars.

17 13. "Net worth" means total assets minus total liabilities
18 as determined in accordance with generally accepted accounting
19 principles with appropriate exceptions and exemptions
20 reasonably related to an equitable determination of the
21 family's or partnership's net worth. Assets shall be valued
22 at fair market value.

23 Sec. 2. Section 175.2, subsection 8, Code 1985, is amended
24 by striking the subsection and inserting in lieu thereof the
25 following:

26 8. "Farming" means the cultivation of land for the
27 production of agricultural crops, the raising of poultry, the
28 production of eggs, the production of milk, the production of
29 fruit or other horticultural crops, grazing, the production of
30 livestock, aquaculture, hydroponics, the production of forest
31 products, or other activities designated by the authority by
32 rules subject to chapter 17A.

33 Sec. 3. Section 175.3, subsections 1 and 3, Code 1985, are
34 amended to read as follows:

35 1. The Iowa family farm development authority is

1 established, and constituted a public instrumentality and
 2 agency of the state exercising public and essential
 3 governmental functions. The authority is established to
 4 undertake programs which assist beginning farmers in
 5 purchasing agricultural land and agricultural improvements and
 6 depreciable agricultural property for the purpose of farming,
 7 and programs which provide financing to farmers for permanent
 8 soil and water conservation practices on agricultural land
 9 within the state or for the acquisition of conservation farm
 10 equipment. The powers of the authority are vested in and
 11 exercised by a board of eleven members with nine members
 12 appointed by the governor subject to confirmation by the
 13 senate. The treasurer of state or the treasurer's designee
 14 and the secretary of agriculture or the secretary's designee
 15 are ex officio nonvoting members. No more than five appointed
 16 members shall belong to the same political party. As far as
 17 possible the governor shall include within the membership
 18 persons who represent financial institutions experienced in
 19 agricultural lending, the real estate sales industry, farmers,
 20 beginning farmers, average taxpayers, local government, and
 21 any other ~~person~~ persons specially interested in family farm
 22 development.

23 3. ~~Six~~ Five voting members of the authority constitute a
 24 quorum and the affirmative vote of a majority of the voting
 25 members is necessary for any substantive action taken by the
 26 authority. The majority shall not include any member who has
 27 a conflict of interest and a statement by a member ~~of~~ that the
 28 member has a conflict of interest ~~shall-be~~ is conclusive for
 29 this purpose. A vacancy in the membership does not impair the
 30 right of a quorum to exercise all rights and perform all
 31 duties of the authority.

32 Sec. 4. Section 175.12, subsection 3, paragraphs a, c, and
 33 g, Code 1985, are amended to read as follows:

34 a. The beginning farmer is a resident of the state. If
 35 the beginning farmer is a partnership, all partners shall be

1 residents of the state.

2 c. The beginning farmer has sufficient education,
3 training, or experience in the type of farming for which the
4 beginning farmer requests the mortgage or secured loan. If
5 the beginning farmer is a partnership, all partners shall have
6 sufficient education, training, or experience in the type of
7 farming for which the beginning farmer requests the mortgage
8 or secured loan.

9 g. ~~The~~ If the beginning farmer is an individual, the
10 agricultural land and agricultural improvements shall only be
11 used for farming by the beginning-farmer-or-the-farmer's
12 family individual, the individual's spouse, the individual's
13 minor children, or any of them. If the beginning farmer is a
14 partnership, the agricultural land and agricultural
15 improvements shall only be used for farming by the partners,
16 each partner's spouse, each partner's minor children, or any
17 of them.

18 Sec. 5. Section 175.12, subsection 3, paragraphs d and f,
19 Code 1985, are amended by striking the paragraphs and
20 inserting in lieu thereof the following:

21 d. A loan to a beginning farmer for the acquisition of
22 agricultural land and agricultural improvements does not
23 exceed five hundred thousand dollars. A loan to a beginning
24 farmer for the acquisition of depreciable agricultural
25 property does not exceed one hundred twenty-five thousand
26 dollars.

27 f. The beginning farmer will materially and substantially
28 participate in farming. If the beginning farmer is a
29 partnership, each partner shall materially and substantially
30 participate in farming.

31 Sec. 6. This Act, being deemed of immediate importance,
32 takes effect from and after its publication in the Audubon
33 News-Advocate, a newspaper published in Audubon, Iowa, and in
34 the Kossuth County Advance, a newspaper published in Algona,
35 Iowa.

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EXPLANATION

This bill revises the definition of beginning farmer to allow partnerships to qualify for an Iowa family farm development authority program. The aggregate net worth limitation for beginning farmers is increased to \$250,000 for an individual, and to \$500,000 for a partnership, provided that the aggregate net worth of each partner may not exceed \$250,000. The definition of "net worth" is revised to reflect the inclusion of a partnership as a beginning farmer.

Section 2 creates a definition of farming which goes beyond the traditional concepts of "farming" to allow activities such as Christmas tree farming and fish farms.

Section 3 allows the treasurer of state and the secretary of state to appoint designees to participate in board activities on their behalf. The section also revises the requirement that not more than five members of the board may belong to the same political party. As the membership of the board consists of nine persons appointed by the governor plus the treasurer and the secretary, the present provision would apply to the treasurer and secretary, who are not appointed and are nonvoting ex officio members. The revision limits the number of appointed board members who belong to the same political party to five. The quorum requirement is changed to five voting members to avoid potential problems caused by absences, vacancies, or conflicts of interest.

In order to qualify for a beginning farmer mortgage or loan, under section 4 of the bill persons who seek to purchase a project financed with mortgage or loan proceeds must materially and substantially participate in farming. If the beginning farmer is a partnership, each partner must satisfy program requirements. The existing reference to "value" in section 175.12, subsection 3, paragraph d, in imposing the loan limitations, resulted in the denial of loans to beginning farmers who wished to borrow a sum within the set limits to purchase property with a value in excess of the set limit.

1 The proposed limitations apply irrespective of the value of
2 the property to be purchased. The "turn down" requirement
3 from the requisites for obtaining a loan under the beginning
4 farmer loan program is removed.

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then by 2/7/85

to file 2/20 (p. 566)

SENATE FILE 117

BY COMMITTEE ON AGRICULTURE

(AS AMENDED AND PASSED BY THE SENATE FEBRUARY 4, 1985)

Passed Senate, Date 2-4-85 (p. 257) Passed House, Date 3-7-85 (p. 706)
Vote: Ayes 47 Nays 2 Vote: Ayes 87 Nays 3
Approved March 20, 1985 (p. 917)

A BILL FOR

1 An Act relating to the Iowa family farm development authority
2 by revising definitions, amending requirements relating to
3 the board, and imposing conditions on loans made by the
4 authority to a beginning farmer.

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

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COMMUNICATION FROM THE SECRETARY OF STATE

April 3, 1985

Ms. K. Marie Thayer
Secretary of the Senate
State Capitol Building
LOCAL

Dear Ms. Thayer:

I hereby certify that Senate File 117 was published in the Kossuth County Advance, Algona, Iowa, on March 23, 1985, and in the Audubon News-Advocate, Audubon, Iowa, on March 27, 1985.

Respectfully submitted
MARY JANE ODELL
Secretary of State

S.F. 117 H.F. _____

1 Section 1. Section 175.2, subsections 5, 9, and 13, Code
2 1985, are amended to read as follows:

3 5. "Beginning farmer" means an individual or partnership
4 with a low or moderate net worth who that engages in farming
5 or wishes to engage in farming.

6 9. "Low or moderate net worth" means:

7 a. For an individual, an aggregate net worth of an the
8 individual and the individual's spouse and minor children, if
* 9 any, of less than one two hundred thousand dollars.

10 b. For a partnership, an aggregate net worth of all
11 partners, including each partner's net capital in the
12 partnership, and each partner's spouse and minor children of
13 less than four hundred thousand dollars. However, the
14 aggregate net worth of each partner and that partner's spouse
* 15 and minor children shall not exceed two hundred thousand
16 dollars.

17 13. "Net worth" means total assets minus total liabilities
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7 and programs which provide financing to farmers for permanent
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13 senate. The treasurer of state or the treasurer's designee
14 and the secretary of agriculture or the secretary's designee
15 are ex officio nonvoting members. No more than five appointed
16 members shall belong to the same political party. As far as
17 possible the governor shall include within the membership
18 persons who represent financial institutions experienced in
19 agricultural lending, the real estate sales industry, farmers,
20 beginning farmers, average taxpayers, local government, and
21 any other person persons specially interested in family farm
22 development.

23 3. Six Five voting members of the authority constitute a
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25 members is necessary for any substantive action taken by the
26 authority. The majority shall not include any member who has
27 a conflict of interest and a statement by a member of that the
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New SF 117

SSB 40
Agriculture

SENATE/HOUSE FILE _____

BY (PROPOSED COMMITTEE
ON AGRICULTURE BILL)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

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33 News-Advocate, a newspaper published in Audubon, Iowa, and in
34 the Kossuth County Advance, a newspaper published in Algona,
35 Iowa.

1 EXPLANATION

2 This bill revises the definition of beginning farmer to
3 allow partnerships to qualify for an Iowa family farm
4 development authority program. The aggregate net worth
5 limitation for beginning farmers is increased to \$250,000 for
6 an individual, and to \$500,000 for a partnership, provided
7 that the aggregate net worth of each partner may not exceed
8 \$250,000. The definition of "net worth" is revised to reflect
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12 as Christmas tree farming and fish farms.

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14 of state to appoint designees to participate in board
15 activities on their behalf. The section also revises the
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SENATE FILE 117

AN ACT

RELATING TO THE IOWA FAMILY FARM DEVELOPMENT AUTHORITY BY RE-
VISING DEFINITIONS, AMENDING REQUIREMENTS RELATING TO THE
BOARD, AND IMPOSING CONDITIONS ON LOANS MADE BY THE AU-
THORITY TO A BEGINNING FARMER.

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

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9. "Low or moderate net worth" means:

a. For an individual, an aggregate net worth of an the individual and the individual's spouse and minor children, if any, of less than one two hundred thousand dollars.

b. For a partnership, an aggregate net worth of all partners, including each partner's net capital in the partnership, and each partner's spouse and minor children of less than four hundred thousand dollars. However, the aggregate net worth of each partner and that partner's spouse and minor children shall not exceed two hundred thousand dollars.

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Sec. 6. This Act, being deemed of immediate importance, takes effect from and after its publication in the Audubon News-Advocate, a newspaper published in Audubon, Iowa, and in the Kossuth County Advance, a newspaper published in Algona, Iowa.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 117, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved *March 20*, 1985

TERRY E. BRANSTAD
Governor