

2/25/87 (p. 424)

Senate File 146

AGRICULTURE: Scott, Chair; Vande Hoef and A. Miller

Bill 3/23/87

Senate File 146

Agriculture: Skow, Chair; Kremer, Norrgard, Petersen of Muscatine and Svoboda.

FILE 146

Bill 4/9/87 (p. 1240)

RIEBE

Passed Senate, Date 3/17/87 (p. 1240) Passed House, Date 4/30/87 (p. 1769)

Vote: Ayes _____ Nays _____ Vote: Ayes 95 Nays 2

Approved May 13, 1987

A BILL FOR

1 An Act relating to the agricultural loan assistance program of
2 the Iowa agricultural development authority.

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

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SF 146

1 Section 1. Section 175.35, subsection 5, paragraph a, Code
2 1987, is amended to read as follows:

3 a. Enter into an agreement with the lending institution
4 and the farmer to supplement the assistance to be received
5 pursuant to the federal program in which agreement the lending
6 institution shall agree to reduce for one-year up to three
7 years the interest rate on the farmer's operating loan to the
8 rate determined by the authority to be necessary to qualify
9 the farmer and lending institution for participation in the
10 federal program and the farmer shall agree to comply with the
11 rules and requirements established by the authority.

12 Sec. 2. Section 175.35, subsection 6, paragraph c, Code
13 1987, is amended to read as follows:

14 c. Not give a grant pursuant to subsection 5, paragraph
15 "b" in an amount greater than three percent per annum of up to
16 one hundred thousand dollars of the principal balance of the
17 farmer's operating loan outstanding from time to time, for the
18 term of the loan or for one-year three years, whichever is
19 less.

20 Sec. 3. Section 175.35, subsection 7, paragraphs a and b,
21 Code 1987, are amended to read as follows:

22 a. Enter into an agreement with the lending institution
23 and the farmer in which the lending institution shall agree to
24 reduce for one-year up to three years the interest rate on the
25 farmer's operating loan to a rate determined by the authority
26 below the lending institution's farm operating loan rate as
27 certified to the authority and the farmer shall agree to
28 comply with the rules and requirements established by the
29 authority.

30 b. Agree to give to the lending institution, for the
31 benefit of the farmer, a grant in the amount, as determined by
32 the authority, up to three percent per annum of up to one
33 hundred thousand dollars of the principal balance of the
34 farmer's operating loan outstanding from time to time, for the
35 term of the loan or for one-year three years, whichever is

1 less, to partially reimburse the lending institution for the
2 reduction of the interest rate on the borrower's operating
3 loan. However, the grant shall not exceed fifty percent of
4 the amount of interest foregone by the lending institution
5 pursuant to the rate reduction under paragraph "a".

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EXPLANATION

7 The bill increases from one year to three years the time
8 for which a lending institution will reduce the interest rate
9 on an operating loan under the Iowa agricultural development
10 authority's agricultural loan assistance program.

<p>STATE OF IOWA</p> <p>FISCAL NOTE TO</p> <p>SENATE FILE 146</p>	<p>LSB No. <u>1247S</u></p> <p>Staff ID. <u>JKH</u></p>
<p>REQ. BY SENATOR SCOTT</p>	
<p>In compliance with a written request received March 9, 1987, a fiscal note for SENATE FILE 146 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.</p>	
<p>Senate File 146 increases from one year to three years the time for which a lending institution will reduce the interest rate on an operating loan under the Iowa Agricultural Development Authority's Agricultural Loan Assistance Program.</p>	
<p><u>FISCAL EFFECT</u></p> <p>Senate File 146 allows for interest rate buydown commitments of up to three years and has no fiscal effect on the State General Fund.</p>	
<p>SOURCE: Iowa Agricultural Development Authority (LSB 1247S, JKH)</p>	
<p><i>Dennis Prouty</i> Fiscal Director Legislative Fiscal Bureau Date: <u>3/10/87</u></p>	
<p>Filed by Sec. of the Senate March 11, 1987</p>	

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SENATE FILE 146

AN ACT
RELATING TO THE AGRICULTURAL LOAN ASSISTANCE PROGRAM OF THE
IOWA AGRICULTURAL DEVELOPMENT AUTHORITY.

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

Section 1. Section 175.35, subsection 5, paragraph a, Code 1987, is amended to read as follows:

a. Enter into an agreement with the lending institution and the farmer to supplement the assistance to be received pursuant to the federal program in which agreement the lending institution shall agree to reduce for one-year up to three years the interest rate on the farmer's operating loan to the rate determined by the authority to be necessary to qualify the farmer and lending institution for participation in the federal program and the farmer shall agree to comply with the rules and requirements established by the authority.

Sec. 2. Section 175.35, subsection 6, paragraph c, Code 1987, is amended to read as follows:

c. Not give a grant pursuant to subsection 5, paragraph "b" in an amount greater than three percent per annum of up to one hundred thousand dollars of the principal balance of the farmer's operating loan outstanding from time to time, for the term of the loan or for one-year three years, whichever is less.

Sec. 3. Section 175.35, subsection 7, paragraphs a and b, Code 1987, are amended to read as follows:

a. Enter into an agreement with the lending institution and the farmer in which the lending institution shall agree to reduce for one-year up to three years the interest rate on the farmer's operating loan to a rate determined by the authority below the lending institution's farm operating loan rate as certified to the authority and the farmer shall agree to comply with the rules and requirements established by the

authority.

b. Agree to give to the lending institution, for the benefit of the farmer, a grant in the amount, as determined by the authority, up to three percent per annum of up to one hundred thousand dollars of the principal balance of the farmer's operating loan outstanding from time to time, for the term of the loan or for one-year three years, whichever is less, to partially reimburse the lending institution for the reduction of the interest rate on the borrower's operating loan. However, the grant shall not exceed fifty percent of the amount of interest foregone by the lending institution pursuant to the rate reduction under paragraph "a".

JO ANN ZIMMERMAN
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 146, Seventy-second General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved May 13, 1987

TERRY E. BRANSTAD
Governor

SF 146