

# House Study Bill 279

## Conference Committee Text

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1 1 Section 1. Section 9H.1, subsections 3, 3A, and 4, Code  
1 2 1995, are amended to read as follows:  
1 3 3. "Authorized farm corporation" means a corporation other  
1 4 than a family farm corporation founded for the purpose of  
1 5 farming and the ownership of agricultural land

~~in which:~~

1 6

~~a. The stockholders do not exceed twenty five in number:~~

1 7

~~and~~

1 8

~~b. The~~  
~~, if the stockholders are all natural persons,~~

~~or~~

1 9 persons acting in a fiduciary capacity for the benefit of  
1 10 natural persons or nonprofit corporations, or family farm  
1 11 entities, and either of the following applies:  
1 12 a. The stockholders do not exceed twenty-five in number.  
1 13 b. The stockholders holding more than fifty percent of the  
1 14 equity investment in the corporation are farmers who reside in  
1 15 this state.  
1 16 3A. "Authorized limited liability company" means a limited  
1 17 liability company other than a family farm limited liability  
1 18 company founded for the purpose of farming and the ownership  
1 19 of agricultural land

~~in which all of the following apply:~~

1 20

~~a. The members do not exceed twenty five in number.~~

1 21

~~b. The~~  
~~, if the members are all natural persons,~~

~~or~~

~~persons~~  
1 22 acting in a fiduciary capacity for the benefit of natural  
1 23 persons or nonprofit corporations, or family farm entities,  
1 24 and either of the following applies:  
1 25 a. The members do not exceed twenty-five in number.  
1 26 b. The members holding more than fifty percent of the  
1 27 equity investment in the corporation are farmers who reside in  
1 28 this state.  
1 29 4. "Authorized trust" means a trust other than a family

1 30 trust

~~in which:~~

1 31

~~a. The beneficiaries do not exceed twenty five in number;~~

1 32

~~and~~

1 33

~~b. The~~

~~if the beneficiaries are all natural persons, who~~

1 34 are not acting as a trustee or in a similar capacity for a

1 35 trust as defined in subsection 22

~~of this section~~

~~or~~

persons

2 1 acting in a fiduciary capacity,

~~or~~

nonprofit corporations

~~; and~~

2 2

~~c. Its~~

~~or family farm entities, where the income of the~~

2 3 trust is not exempt from taxation under the laws of either the

2 4 United States or the state of Iowa; and either of the

2 5 following applies:

2 6 a. The beneficiaries do not exceed twenty-five in number.

2 7 b. The beneficiaries holding more than fifty percent of

2 8 the equity interest in the corpus of the trust are farmers who

2 9 reside in this state or are family farm corporations

2 10 controlled by persons who reside in this state.

2 11 Sec. 2. Section [9H.1](#), Code 1995, is amended by adding the  
2 12 following new subsections:

2 13 NEW SUBSECTION. 8B. "Family farm entity" means a family  
2 14 farm corporation, family farm limited liability company,  
2 15 family farm partnership, or family trust.

2 16 NEW SUBSECTION. 10A. "Farmer" means a person who  
2 17 regularly participates in physical labor or the day-to-day  
2 18 management of a farming operation and who files a schedule F  
2 19 as part of the person's annual form 1040 filing with the  
2 20 United States internal revenue service.

2 21 EXPLANATION

2 22 Chapter 9H currently restricts persons eligible to hold  
2 23 agricultural land in this state. Authorized farm  
2 24 corporations, authorized limited liability companies, and  
2 25 authorized trusts may hold up to 1,500 acres of agricultural  
2 26 land. An authorized entity must be founded for purposes of  
2 27 farming and the ownership of agricultural land. In addition,  
2 28 the stockholders, members, or beneficiaries must not exceed 25  
2 29 in number and all must be natural persons or persons acting in  
2 30 a fiduciary capacity for the natural persons or nonprofit  
2 31 corporations.

2 32 This bill provides that an authorized entity may also be an  
2 33 entity in which 50 percent of the equity investment is held by  
2 34 stockholders, members, or beneficiaries, who are farmers who

2 35 reside in the state.

3 1 The bill also provides that a stockholder, member, or  
3 2 beneficiary may be a family farm corporation, family farm  
3 3 limited liability company, family farm limited partnership, or  
3 4 a family farm trust.

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