

2/4/98 Do Pass
Rereferred To: Appropriations

3/19/98 Moxley Unfinished Business Calendar
FILED JAN 12 1998

SENATE FILE 2005

BY JUDGE and ANGELO

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to forestry and rural development by establishing
2 a revolving loan fund.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2005

1 Section 1. NEW SECTION. 455A.14 FORESTRY AND RURAL
2 DEVELOPMENT -- REVOLVING LOAN FUND.

3 1. The department shall establish a forestry and rural
4 development revolving loan fund composed of any money
5 appropriated by the general assembly, and of any other moneys
6 available to and obtained or accepted by the department from
7 the federal government or private sources for placement in the
8 fund.

9 2. The assets of the forestry and rural development
10 revolving loan fund shall be used to support statewide
11 forestry and rural development through forestry projects
12 approved by the department.

13 a. The department shall award moneys only by providing
14 loans to resource conservation and development areas, as
15 authorized under the federal Food and Agriculture Act of 1962,
16 16 U.S.C. § 3451 et seq., and reauthorized under the federal
17 Food, Agriculture, Conservation, and Trade Act of 1990, 16
18 U.S.C. § 3459 et seq.

19 b. Each loan made under this section shall be for a period
20 not to exceed ten years, shall not bear interest, and shall be
21 repayable to the forestry and rural development revolving loan
22 fund.

23 c. Each loan shall be made on a cost-share basis. The
24 award of moneys shall not exceed fifty percent of the
25 estimated cost of completing the forestry project, or fifty
26 percent of the actual cost, whichever is less.

27 3. The department shall approve projects in cooperation,
28 to the extent practicable, with the United States department
29 of agriculture's natural resources conservation service.

30 4. The department shall administer the fund and authorize
31 payment from the fund to pay for costs and expenses related to
32 and necessary for making and protecting loans made under this
33 section, and for the recovery of moneys loaned or the
34 management of property acquired in connection with such loans.
35 The department may contract, sue and be sued, and adopt

1 administrative rules pursuant to chapter 17A necessary to
2 administer this section. However, the department shall not in
3 any manner directly or indirectly pledge the credit of the
4 state of Iowa. The department shall adopt rules to provide
5 for all of the following:

6 a. The outstanding amount that a resource conservation and
7 development area may receive in loans made under this section.
8 The amount shall not exceed two hundred thousand dollars,
9 unless the department determines that extraordinary reasons
10 exist to increase the amount.

11 b. The terms and conditions for repayment. The department
12 shall establish a rate of interest on loans for which payment
13 is delinquent. The total amount due plus interest shall
14 accelerate immediately upon a delinquency, unless the
15 department determines that good reason excuses the
16 delinquency.

17 5. Section 8.33 shall not apply to moneys in the fund.
18 Notwithstanding section 12C.7, interest earned on moneys in
19 the fund shall be deposited into the fund. The repayment of
20 loans and the payments of interest on loans shall be deposited
21 into the fund. Noncash assets or collateral collected by the
22 department in repayment of a loan shall be reduced to cash and
23 deposited into the fund.

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EXPLANATION

25 The 1990 federal farm bill established the rural
26 development through forestry (RDTF) program, 7 U.S.C. § 6601-
27 6617. The program is administered by the United States
28 department of agriculture's forestry service and implemented
29 through state forestry agencies. Iowa was designated as a
30 pilot program state under the federal RDTF program. The rural
31 development through forestry program, as currently
32 administered by the department of natural resources, provides
33 matching grants to local entities for economic development
34 based on forest resources. In the state of Iowa's pilot
35 program, local projects have been identified and carried out

1 primarily through nine resource conservation and development
2 (RC&D) areas. RC&D areas are private, not-for-profit
3 corporations that are organized pursuant to Iowa Code chapter
4 504A. RC&D areas are locally governed by volunteer directors
5 with required representation by the county boards of
6 supervisors, the local soil and water conservation districts,
7 and local residents interested in the program. The purpose of
8 RC&D areas is grass-roots directed development of human,
9 economic, and natural resources. RC&D areas were authorized
10 under the federal Food and Agriculture Act of 1962, and
11 reauthorized under the federal Food, Agriculture,
12 Conservation, and Trade Act of 1990.

13 This bill establishes a revolving fund within the
14 department of natural resources. The fund is referred to as
15 the forestry and rural development revolving loan fund.
16 Moneys in the fund are dedicated to supporting statewide
17 forestry and rural development through forestry projects as
18 approved by the department. The department is required to
19 award moneys only by providing loans to resource conservation
20 and development areas. The loan period is ten years, and
21 loans do not bear interest unless delinquent. Each loan must
22 be made on a cost-share basis. The department may contract,
23 sue and be sued, and adopt administrative rules under Code
24 chapter 17A necessary to administer the fund. The department
25 must adopt rules establishing a cap for outstanding loans, and
26 the terms and conditions for repayment.

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