

2/26/98 Referred To: Approp.
FILED FEB 25 1998

SENATE FILE 2334
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 2136)

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

A BILL FOR

1 An Act relating to agriculture by providing programs to assist
2 persons involved in value-added processing.

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

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

S.F. 2334

DIVISION I

LINKED INVESTMENT DEPOSITS

1
2
3 Section 101. Section 12.32, Code Supplement 1997, is
4 amended by adding the following new subsections:

5 NEW SUBSECTION. 0. "Agrifutures loan board" means the
6 agrifutures loan board created in section 15.361.

7 NEW SUBSECTION. 4. "Qualified linked investment" means a
8 linked investment in which a certificate of deposit is placed
9 by the treasurer of state with an eligible lending institution
10 under the value-added agricultural linked investment program
11 established under section 12.42.

12 Sec. 102. Section 12.34, Code Supplement 1997, is amended
13 to read as follows:

14 12.34 LINKED INVESTMENTS -- LIMITATIONS -- RULES --
15 MATURITY AND RENEWAL OF CERTIFICATES.

16 1. The treasurer of state may invest up to the lesser of
17 ~~sixty-eight~~ one hundred eight million dollars or ten percent
18 of the balance of the state pooled money fund in certificates
19 of deposit in eligible lending institutions pursuant to this
20 division. The treasurer of state shall allocate forty million
21 dollars of the amount authorized for investment under this
22 subsection for purposes of supporting the value-added
23 agricultural linked investment program established in section
24 12.42. The treasurer of state shall provide for the security
25 of the deposits made to eligible lending institutions as
26 provided in chapter 12C.

27 2. The treasurer of state shall adopt rules pursuant to
28 chapter 17A to administer this division.

29 3. The following shall apply to a certificate of deposit,
30 which is placed with an eligible lending institution by the
31 treasurer of state pursuant to this division:

32 a. Certificates A certificate of deposit, which is not
33 part of a qualified linked investment, placed by the treasurer
34 of state with an eligible lending institution on or after July
35 1, 1996, ~~pursuant to this division~~ may be renewed at the

1 option of the treasurer. The initial certificate of deposit
2 for a given borrower shall have a maturity of one year and may
3 be renewed for eight additional one-year periods.

4 b. A certificate of deposit which is part of a qualified
5 linked investment placed by the treasurer of state with an
6 eligible lending institution shall have a maturity of up to
7 eighteen months. The certificate of deposit may be renewed at
8 the option of the treasurer on an annual basis for a total
9 term not to exceed nine years.

10 Sec. 103. NEW SECTION. 12.42 VALUE-ADDED AGRICULTURAL
11 LINKED INVESTMENT PROGRAM.

12 1. The treasurer of state shall establish and administer,
13 and adopt rules as necessary to establish and administer, a
14 value-added agricultural linked investment program. The
15 purpose of the program is to provide capital in the form of
16 low-interest loans in order to do any of the following:

17 a. Stimulate existing businesses or encourage the
18 establishment of new businesses that add value through the
19 processing of agricultural commodities.

20 b. Encourage the production of agricultural commodities,
21 if a shortage in production exists.

22 2. A borrower shall be eligible to participate in the
23 value-added agricultural linked investment program, to the
24 extent that the borrower meets eligibility requirements
25 established by the agrifutures loan board created in section
26 15.361.

27 3. A borrower shall not receive a loan of more than one
28 million dollars under this program.

29 DIVISION II
30 AGRIFUTURES

31 Sec. 201. NEW SECTION. 15.361 AGRIFUTURES LOAN BOARD.

32 1. An agrifutures loan board is created within the
33 department of economic development. The powers of the board
34 are vested in and shall be exercised by seventeen members
35 including nine members appointed by the governor and eight ex

1 officio nonvoting members.

2 2. a. Members appointed by the governor shall serve
3 staggered terms of three years beginning and ending as
4 provided in section 69.19. However, the governor shall
5 appoint initial members to serve for less than three years to
6 ensure members serve staggered terms. Members appointed by
7 the governor shall be knowledgeable regarding value-added
8 agricultural production and processing. The governor shall
9 appoint all of the following:

10 (1) One person representing financial institutions who is
11 actively engaged in financing agricultural businesses.

12 (2) One person representing agribusiness who is actively
13 engaged in an agribusiness.

14 (3) One person representing agricultural cooperative
15 associations who is a member of an agricultural cooperative
16 association as defined in section 502.102.

17 (4) One person representing processors of agricultural
18 products who is actively engaged in processing such products.

19 (5) One person representing marketers of agricultural
20 commodities or products who is actively engaged in marketing
21 agricultural commodities or products.

22 (6) One person representing an organization promoting
23 producers of agricultural commodities generally rather than a
24 specific commodity, who is a member of such an organization.

25 (7) Two persons representing organizations promoting
26 producers of specific commodities who are members of the
27 organizations. The governor shall appoint persons from among
28 the state's commodity organizations on a rotating basis.

29 (8) One person representing the economic development board
30 as created in section 15.103 who is a member of the board.

31 b. The nonvoting ex officio members shall include all of
32 the following:

33 (1) A person appointed by the governor representing the
34 governor's office.

35 (2) The treasurer of state.

1 (3) The secretary of agriculture.

2 (4) The director of the department of economic
3 development.

4 (5) Four members of the general assembly. The members are
5 two state senators, appointed by the president of the senate,
6 after consultation with the majority leader of the senate and
7 the minority leader of the senate from their respective
8 parties; and two state representatives, appointed by the
9 speaker of the house of representatives, after consultation
10 with the majority leader of the house of representatives and
11 the minority leader of the house of representatives from their
12 respective parties.

13 3. A vacancy on the board of directors shall be filled in
14 the same manner as an original appointment. A person
15 appointed to fill a vacancy shall serve only for the unexpired
16 portion of the term. A member is eligible for reappointment.
17 An appointed member may be removed from office by the governor
18 for misfeasance, malfeasance, or willful neglect of duty or
19 other just cause, after notice and hearing, unless the notice
20 and hearing is expressly waived in writing.

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

30 5. The appointed members are entitled to receive a per
31 diem as specified in section 7E.6 for each day spent in
32 performance of duties as members, and shall be reimbursed for
33 all actual and necessary expenses incurred in the performance
34 of duties as members.

35 6. If a member has an interest, either direct or indirect,

1 in a contract to which the board is or is to be a party, the
2 member shall disclose the interest to the board in writing.
3 The writing stating the conflict shall be set forth in the
4 minutes of the board. The member having the interest shall
5 not participate in any action by the board relating to the
6 contract.

7 7. The department shall provide appropriate staff support
8 to the board.

9 Sec. 202. NEW SECTION. 15.362 POWERS AND DUTIES.

10 The agrifutures loan board shall have the following powers
11 and duties:

12 1. Review and approve business projects for support under
13 the value-added agricultural products and processes financial
14 assistance program as provided in section 15E.111.

15 2. Review and approve business projects for support under
16 the agrifutures revolving loan program established in section
17 15E.114.

18 3. Establish requirements for borrowers to be eligible to
19 participate in the value-added agricultural linked investment
20 program established in section 12.42. The requirements shall
21 be established by rule adopted pursuant to chapter 17A in
22 cooperation with the treasurer of state as provided in section
23 12.42.

24 Sec. 203. Section 15E.111, subsection 3, Code 1997, is
25 amended to read as follows:

26 3. The department of economic development shall grant
27 financial assistance to a person determined by ~~the department~~
28 to be eligible to receive assistance under this section, upon
29 review and evaluation approval of the person's application by
30 ~~the agricultural products advisory council~~ agrifutures loan
31 board as established in section ~~15.203~~ 15.361. ~~The department~~
32 ~~shall consider the council's evaluation in granting or denying~~
33 ~~assistance.~~ The department board shall not approve an
34 application for assistance under this section to refinance an
35 existing loan. The ~~department~~ board shall not directly award

1 financial assistance to support an activity directly related
2 to farming as defined in section 9H.1, including the
3 establishment or operation of a livestock production
4 operation, regardless of whether the activity is related to a
5 renewable fuel production facility.

6 Sec. 204. Section 15E.111, subsection 6, paragraph c, Code
7 1997, is amended to read as follows:

8 c. The department shall cooperate with the office of
9 renewable fuels and coproducts in order to carry out this
10 subsection, as provided in section 159A.6B. The office shall
11 be primarily responsible for providing technical expertise
12 regarding the operation of a renewable fuel production
13 facility, and specifically a facility which supports livestock
14 production operations. The department shall cooperate with
15 any contract consultant supported by the office as provided in
16 section 159A.6B. The ~~agricultural-products-advisory-council~~
17 agrifutures loan board as established in section ~~15-203~~ 15.361
18 shall coordinate the activities of the department and the
19 office. In administering this part of the program, the
20 department and the office shall cooperate with the department
21 of natural resources which shall assist an applicant in
22 complying with all applicable environmental regulations. The
23 department of natural resources shall acknowledge receipt of a
24 completed application for a permit not later than two weeks
25 following receipt of a completed application by the
26 department. Within twelve weeks following receipt of the
27 application, the department shall issue the permit or reply to
28 the applicant describing reasons why the permit cannot be
29 issued.

30 Sec. 205. NEW SECTION. 15E.113 AGRIFUTURES REVOLVING
31 LOAN FUND.

32 1. An agrifutures revolving loan fund is created in the
33 state treasury under the control of the department of economic
34 development. The fund is composed of moneys appropriated by
35 the general assembly, and moneys available to and obtained or

1 accepted by the department or the agrifutures loan board
2 created in section 15.361 from the United States or private
3 sources for placement in the fund. The fund shall include
4 moneys deposited into the fund pursuant to section 423.24, the
5 repayment of moneys, moneys obtained by the collection of
6 assets, and the recapture of awards, as provided under section
7 15E.114.

8 2. The agrifutures revolving loan fund is subject to
9 warrants written by the director of revenue and finance, drawn
10 upon the written requisition of the director of the department
11 of economic development or a person authorized by the
12 director. The agrifutures loan board shall review the
13 administration of the fund.

14 3. The agrifutures revolving loan fund shall be used to
15 support the agrifutures revolving loan program as provided in
16 section 15E.114.

17 4. In administering the agrifutures revolving loan fund,
18 the department may contract, sue, and be sued. However, the
19 department shall not in any manner directly or indirectly
20 pledge the credit of the state. The department shall
21 periodically report to the agrifutures loan board about the
22 administration of the fund.

23 5. The department shall adopt rules pursuant to chapter
24 17A to administer this section.

25 6. Section 8.33 shall not apply to moneys in the fund.
26 Notwithstanding section 12C.7, moneys earned as income,
27 including interest from the fund shall remain in the fund
28 until expended as provided in this section.

29 Sec. 206. NEW SECTION. 15E.114 AGRIFUTURES REVOLVING
30 LOAN PROGRAM.

31 1. The department shall establish an agrifutures revolving
32 loan program. The program shall be supported from moneys
33 deposited in the agrifutures revolving loan fund created in
34 section 15E.113.

35 2. The department shall administer the agrifutures

1 revolving loan fund as provided in this section. The
2 department shall periodically report to the agrifutures loan
3 board about the administration of the program.

4 3. To the extent that moneys are available to support the
5 program, the department shall provide program assistance to
6 qualified applicants for purposes of financing business
7 projects which enhance value-added agricultural production and
8 processing in this state.

9 a. Program assistance shall be limited to nonforgivable
10 loans or loan guarantees.

11 b. A loan or a guarantee made by the department shall not
12 be outstanding for more than three years from the date that
13 the loan or guarantee has been made.

14 c. In order to qualify for program assistance under this
15 section, an applicant must comply with procedures required by
16 the department.

17 d. Program assistance shall be provided to qualified
18 applicants as authorized and approved by the agrifutures loan
19 board.

20 4. The department shall adopt rules in cooperation with
21 the agrifutures loan board pursuant to chapter 17A necessary
22 in order to administer this section, including rules relating
23 to application requirements, the terms and conditions of
24 providing program assistance, criteria used by the agrifutures
25 loan board to make decisions regarding qualified applicants,
26 the collection of debts and for the recovery of loaned or
27 guaranteed moneys, and the management of property acquired in
28 connection with such loans or guarantees. The rules may be
29 based on recommendations made to the department by the
30 agrifutures loan board. The department may receive rules
31 proposed by the agrifutures loan board and provide rules to
32 the agrifutures loan board for review and comment prior to the
33 rules being filed as provided in section 17A.5. The
34 department shall consider any rules proposed or comments made
35 by the board.

1 Sec. 207. Section 423.24, subsection 1, paragraph a,
2 subparagraph (2), Code Supplement 1997, is amended to read as
3 follows:

4 ~~(2) Beginning January 1, 1996, through December 31, 1997,~~
5 ~~two million five hundred thousand dollars per quarter shall be~~
6 ~~deposited into and credited to the Iowa comprehensive~~
7 ~~petroleum underground storage tank marketability fund created~~
8 ~~in section 455G.21.~~ Beginning January 1, 1998, through
9 ~~December 31, 2002~~ June 30, 1999, four million two hundred
10 fifty thousand dollars per quarter shall be deposited into and
11 credited to the ~~Iowa comprehensive petroleum underground~~
12 ~~storage tank marketability~~ agrifutures revolving loan fund
13 created in section ~~455G.21~~ 15E.113. However, not more than
14 twenty-five million dollars shall be deposited into the
15 agrifutures revolving loan fund. The moneys so deposited are
16 a continuing appropriation to be expended ~~in accordance with~~
17 to support the agrifutures revolving loan program as
18 established pursuant to section 455G.21 15E.114, and the
19 moneys shall not be used for other purposes.

20 Sec. 208. 1995 Iowa Acts, chapter 215, section 29,
21 subsection 1, is amended to read as follows:

22 1. Section 423.24, subsection 1, paragraph "a",
23 subparagraph (2) is repealed on ~~January 1, 2003~~ July 1, 2000.

24 Sec. 209. TRANSFER. Moneys deposited in the Iowa
25 comprehensive petroleum underground storage tank marketability
26 fund created in section 455G.21 derived from the use tax as
27 provided in section 423.24, Code 1997, from January 1, 1998,
28 until the effective date of this section of this Act shall be
29 transferred to the agrifutures revolving loan fund created in
30 section 15E.113, as enacted by this Act.

31 Sec. 210. Section 15.203, Code 1997, is repealed.

32 Sec. 211. Section 209 of this Act shall be retroactively
33 applicable on and after January 1, 1998.

34

EXPLANATION

35 This bill relates to agricultural finance by providing for

1 a number of programs to assist agricultural producers and
2 businesses involved in value-added agricultural products and
3 processes.

4 DIVISION I

5 This division of the bill amends the "Linked Investments
6 for Tomorrow Act", by providing for qualified linked
7 investments in which the treasurer of state places a
8 certificate of deposit with an eligible lending institution at
9 a certain interest rate on the condition that the institution
10 agrees to lend the value of the deposit to an eligible
11 borrower at a special rate. The moneys must be used to
12 support a value-added agricultural linked investment program
13 administered by the treasurer of state.

14 The purpose of the program is to provide capital in the
15 form of low-interest loans in order to stimulate existing or
16 to encourage new businesses that add value through the
17 processing of agricultural commodities and to encourage the
18 production of agricultural commodities, if there is a shortage
19 in production.

20 This division of the bill increases the amount of moneys
21 that the treasurer of state may invest in the linked
22 investment program from \$68 million to \$108 million. The
23 treasurer of state is prohibited from depositing more than 10
24 percent of the balance of the state pooled money fund in
25 certificates of deposit in eligible lending institutions
26 pursuant to this division of Code chapter 12. This division
27 provides that the treasurer of state must allocate \$40 million
28 for purposes of supporting the value-added agricultural linked
29 investment program. A borrower is not eligible to receive
30 more than \$1 million in program assistance. This division
31 provides that an initial certificate of deposit which is part
32 of a qualified linked investment placed with an eligible
33 lending institution has a maturity of up to 18 months. It may
34 be renewed at the option of the treasurer of state each year
35 for nine years.

1

DIVISION II

2 This division of the bill establishes an agrifutures loan
3 board created within the department of economic development.
4 This division provides that the board is composed of voting
5 members appointed by the governor and nonvoting, ex officio
6 members including officials in the executive branch and
7 legislative members. This division provides procedures for
8 the operation of the board. The board is charged to review
9 and recommend to the department business projects for support
10 under the value-added agricultural products and processes
11 financial assistance program. This division provides that the
12 board must review and approve business projects for support
13 under the agrifutures revolving loan program created in this
14 division. This division abolishes the agricultural products
15 advisory council which evaluated applications for the value-
16 added agricultural products and processes financial assistance
17 program. This division also requires the board to establish
18 eligibility requirements for borrowers participating in a
19 value-added agricultural linked investment program established
20 in this division.

21 This division of the bill also establishes an agrifutures
22 revolving loan program administered by the department of
23 economic development. This division requires the department
24 to provide program assistance to qualified applicants for
25 purposes of financing business projects which enhance value-
26 added agricultural production and processing in this state.
27 According to this division, assistance is limited to
28 nonforgivable loans or loan guarantees. It also provides that
29 a loan or guarantee cannot be outstanding for more than three
30 years. This division provides that program assistance must be
31 provided to qualified applicants as approved by the
32 agrifutures loan board. The department in cooperation with
33 the board is required to adopt rules necessary in order to
34 administer the program, including rules relating to
35 application requirements, and the terms and conditions of

1 providing assistance, the collection of debts and for the
2 recovery of loaned or guaranteed moneys, and the management of
3 property acquired in connection with such loans or guarantees.

4 This division of the bill creates an agrifutures revolving
5 loan fund to support the program. This division provides
6 procedures for administration of the fund by the department.
7 This division amends Code section 423.24 which allocates use
8 tax moneys to the Iowa comprehensive petroleum underground
9 storage tank marketability fund through December 31, 2002.
10 This division provides that \$4,250,000 per quarter from the
11 use tax shall be deposited in the agrifutures revolving loan
12 fund beginning January 1, 1998, and ending June 30, 1999, to a
13 maximum of \$25 million. This division also provides that
14 moneys deposited in the Iowa comprehensive petroleum
15 underground storage tank marketability fund from January 1,
16 1998, until the effective date of this portion of the bill
17 must be transferred to the new fund.

18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

Dartz
Judge
Rensink
McLaren
Vilsack

SSB 2136
Agriculture
Succeeded By
SF HF 2334

SENATE FILE
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON RENSINK)

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

A BILL FOR

1 An Act relating to agriculture by providing programs to assist
2 persons involved in value-added processing.

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

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

DIVISION I

LINKED INVESTMENT DEPOSITS

Section 101. Section 12.32, Code Supplement 1997, is amended by adding the following new subsections:

NEW SUBSECTION. 0. "Agrifutures loan board" means the agrifutures loan board created in section 15.361.

NEW SUBSECTION. 4. "Qualified linked investment" means a linked investment in which a certificate of deposit is placed by the treasurer of state with an eligible lending institution under the value-added agricultural linked investment program established under section 12.42.

Sec. 102. Section 12.34, Code Supplement 1997, is amended to read as follows:

12.34 LINKED INVESTMENTS -- LIMITATIONS -- RULES -- MATURITY AND RENEWAL OF CERTIFICATES.

1. The treasurer of state may invest up to the lesser of sixty-eight one hundred eight million dollars or ten percent of the balance of the state pooled money fund in certificates of deposit in eligible lending institutions pursuant to this division. The treasurer of state shall allocate forty million dollars of the amount authorized for investment under this subsection for purposes of supporting the value-added agricultural linked investment program established in section 12.42. The treasurer of state shall provide for the security of the deposits made to eligible lending institutions as provided in chapter 12C.

2. The treasurer of state shall adopt rules pursuant to chapter 17A to administer this division.

3. The following shall apply to a certificate of deposit, which is placed with an eligible lending institution by the treasurer of state pursuant to this division:

a. Certificates A certificate of deposit, which is not part of a qualified linked investment, placed by the treasurer of state with an eligible lending institution on or after July 1, 1996, pursuant-to-this-division may be renewed at the

1 option of the treasurer. The initial certificate of deposit
2 for a given borrower shall have a maturity of one year and may
3 be renewed for eight additional one-year periods.

4 b. A certificate of deposit which is part of a qualified
5 linked investment placed by the treasurer of state with an
6 eligible lending institution shall have a maturity of up to
7 eighteen months. The certificate of deposit may be renewed at
8 the option of the treasurer on an annual basis for a total
9 term not to exceed nine years.

10 Sec. 103. NEW SECTION. 12.42 VALUE-ADDED AGRICULTURAL
11 LINKED INVESTMENT PROGRAM.

12 1. The treasurer of state shall establish and administer,
13 and adopt rules as necessary to establish and administer, a
14 value-added agricultural linked investment program. The
15 purpose of the program is to provide capital in the form of
16 low-interest loans in order to do any of the following:

17 a. Stimulate existing businesses or encourage the
18 establishment of new business that add value through the
19 processing of agricultural commodities.

20 b. Encourage the production of agricultural commodities,
21 if a shortage in production exists.

22 2. A borrower shall be eligible to participate in the
23 value-added agricultural linked investment program, to the
24 extent that the borrower meets eligibility requirements
25 established by the agrifutures loan board created in section
26 15.361.

27 3. A borrower shall not receive a loan of more than one
28 million dollars under this program.

29 DIVISION II

30 AGRIFUTURES

31 Sec. 201. NEW SECTION. 15.361 AGRIFUTURES LOAN BOARD.

32 1. An agrifutures loan board is created within the
33 department of economic development. The powers of the board
34 are vested in and shall be exercised by seventeen members
35 including nine members appointed by the governor and eight ex

1 officio nonvoting members.

2 2. a. Members appointed by the governor shall serve
3 staggered terms of three years beginning and ending as
4 provided in section 69.19. However, the governor shall
5 appoint initial members to serve for less than three years to
6 ensure members serve staggered terms. Members appointed by
7 the governor shall be knowledgeable regarding value-added
8 agricultural production and processing. The governor shall
9 appoint all of the following:

10 (1) One person representing financial institutions who is
11 actively engaged in financing agricultural businesses.

12 (2) One person representing agribusiness who is actively
13 engaged in an agribusiness.

14 (3) One person representing agricultural cooperative
15 associations who is a member of an agricultural cooperative
16 association as defined in section 502.102.

17 (4) One person representing processors of agricultural
18 products who is actively engaged in processing such products.

19 (5) One person representing marketers of agricultural
20 commodities or products who is actively engaged in marketing
21 agricultural commodities or products.

22 (6) One person representing an organization promoting
23 producers of agricultural commodities generally rather than a
24 specific commodity, who is a member of such an organization.

25 (7) Two persons representing organizations promoting
26 producers of specific commodities who are members of the
27 organizations. The governor shall appoint persons from among
28 the state's commodity organizations on a rotating basis.

29 (8) One person representing the economic development board
30 as created in section 15.103 who is a member of the board.

31 b. The nonvoting ex officio members shall include all of
32 the following:

33 (1) A person appointed by the governor representing the
34 governor's office.

35 (2) The treasurer of state.

1 (3) The secretary of agriculture.

2 (4) The director of the department of economic
3 development.

4 (5) Four members of the general assembly. The members are
5 two state senators, appointed by the president of the senate,
6 after consultation with the majority leader of the senate and
7 the minority leader of the senate from their respective
8 parties; and two state representatives, appointed by the
9 speaker of the house of representatives, after consultation
10 with the majority leader of the house of representatives and
11 the minority leader of the house of representatives from their
12 respective parties.

13 3. A vacancy on the board of directors shall be filled in
14 the same manner as an original appointment. A person
15 appointed to fill a vacancy shall serve only for the unexpired
16 portion of the term. A member is eligible for reappointment.
17 An appointed member may be removed from office by the governor
18 for misfeasance, malfeasance, or willful neglect of duty or
19 other just cause, after notice and hearing, unless the notice
20 and hearing is expressly waived in writing.

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

30 5. The appointed members are entitled to receive a per
31 diem as specified in section 7E.6 for each day spent in
32 performance of duties as members, and shall be reimbursed for
33 all actual and necessary expenses incurred in the performance
34 of duties as members.

35 6. If a member has a interest, either direct or indirect,

1 in a contract to which the board is or is to be a party, the
2 member shall disclose the interest to the board in writing.
3 The writing stating the conflict shall be set forth in the
4 minutes of the board. The member having the interest shall
5 not participate in any action by the board relating to the
6 contract.

7 7. The department shall provide appropriate staff support
8 to the board.

9 Sec. 202. NEW SECTION. 15.362 POWERS AND DUTIES.

10 The agrifutures loan board shall have the following powers
11 and duties:

12 1. Review and approve business projects for support under
13 the value-added agricultural products and processes financial
14 assistance program as provided in section 15E.111.

15 2. Review and approve business projects for support under
16 the agrifutures revolving loan program established in section
17 15E.114.

18 3. Establish requirements for borrowers to be eligible to
19 participate in the value-added agricultural linked investment
20 program established in section 12.42. The requirements shall
21 be established by rule adopted pursuant to chapter 17A in
22 cooperation with the treasurer of state as provided in section
23 12.42.

24 Sec. 203. Section 15E.111, subsection 3, Code 1997, is
25 amended to read as follows:

26 3. The department of economic development shall grant
27 financial assistance to a person determined by-the-department
28 to be eligible to receive assistance under this section, upon
29 review and evaluation approval of the person's application by
30 the ~~agricultural-products-advisory-council~~ agrifutures loan
31 board as established in section ~~15-203~~ 15.361. ~~The department~~
32 ~~shall-consider-the-council's-evaluation-in-granting-or-denying~~
33 ~~assistance.~~ The department board shall not approve an
34 application for assistance under this section to refinance an
35 existing loan. The department board shall not directly award

1 financial assistance to support an activity directly related
2 to farming as defined in section 9H.1, including the
3 establishment or operation of a livestock production
4 operation, regardless of whether the activity is related to a
5 renewable fuel production facility.

6 Sec. 204. Section 15E.111, subsection 6, paragraph c, Code
7 1997, is amended to read as follows:

8 c. The department shall cooperate with the office of
9 renewable fuels and coproducts in order to carry out this
10 subsection, as provided in section 159A.6B. The office shall
11 be primarily responsible for providing technical expertise
12 regarding the operation of a renewable fuel production
13 facility, and specifically a facility which supports livestock
14 production operations. The department shall cooperate with
15 any contract consultant supported by the office as provided in
16 section 159A.6B. The ~~agricultural-products-advisory-council~~
17 agrifutures loan board as established in section ~~15-203~~ 15.361
18 shall coordinate the activities of the department and the
19 office. In administering this part of the program, the
20 department and the office shall cooperate with the department
21 of natural resources which shall assist an applicant in
22 complying with all applicable environmental regulations. The
23 department of natural resources shall acknowledge receipt of a
24 completed application for a permit not later than two weeks
25 following receipt of a completed application by the
26 department. Within twelve weeks following receipt of the
27 application, the department shall issue the permit or reply to
28 the applicant describing reasons why the permit cannot be
29 issued.

30 Sec. 205. NEW SECTION. 15E.113 AGRIFUTURES REVOLVING
31 LOAN FUND.

32 1. An agrifutures revolving loan fund is created in the
33 state treasury under the control of the department of economic
34 development. The fund is composed of moneys appropriated by
35 the general assembly, and moneys available to and obtained or

1 accepted by the department or the agrifutures loan board
2 created in section 15.361 from the United States or private
3 sources for placement in the fund. The fund shall include
4 moneys deposited into the fund pursuant to section 423.24, the
5 repayment of moneys, moneys obtained by the collection of
6 assets, and the recapture of awards, as provided under section
7 15E.114.

8 2. The agrifutures revolving loan fund is subject to
9 warrants written by the director of revenue and finance, drawn
10 upon the written requisition of the director of the department
11 of economic development or a person authorized by the
12 director. The agrifutures loan board shall review the
13 administration of the fund.

14 3. The agrifutures revolving loan fund shall be used to
15 support the agrifutures revolving loan program as provided in
16 section 15E.114.

17 4. In administering the agrifutures revolving loan fund,
18 the department may contract, sue, and be sued. However, the
19 department shall not in any manner directly or indirectly
20 pledge the credit of the state. The department shall
21 periodically report to the agrifutures loan board about the
22 administration of the fund.

23 5. The department shall adopt rules pursuant to chapter
24 17A to administer this section.

25 6. Section 8.33 shall not apply to moneys in the fund.
26 Notwithstanding section 12C.7, moneys earned as income,
27 including interest from the fund shall remain in the fund
28 until expended as provided in this section.

29 Sec. 206. NEW SECTION. 15E.114 AGRIFUTURES REVOLVING
30 LOAN PROGRAM.

31 1. The department shall establish an agrifutures revolving
32 loan program. The program shall be supported from moneys
33 deposited in the agrifutures revolving loan fund created in
34 section 15E.113.

35 2. The department shall administer the agrifutures

1 revolving loan fund as provided in this section. The
2 department shall periodically report to the agrifutures loan
3 board about the administration of the program.

4 3. To the extent that moneys are available to support the
5 program, the department shall provide program assistance to
6 qualified applicants for purposes of financing business
7 projects which enhance value-added agricultural production and
8 processing in this state.

9 a. Program assistance shall be limited to nonforgivable
10 loans or loan guarantees.

11 b. A loan or a guarantee made by the department shall not
12 be outstanding for more than three years from the date that
13 the loan or guarantee has been made.

14 c. In order to qualify for program assistance under this
15 section, an applicant must comply with procedures required by
16 the department.

17 d. Program assistance shall be provided to qualified
18 applicants as authorized and approved by the agrifutures loan
19 board.

20 4. The department shall adopt rules in cooperation with
21 the agrifutures loan board pursuant to chapter 17A necessary
22 in order to administer this section, including rules relating
23 to application requirements, the terms and conditions of
24 providing program assistance, criteria used by the agrifutures
25 loan board to make decisions regarding qualified applicants,
26 the collection of debts and for the recovery of loaned or
27 guaranteed moneys, and the management of property acquired in
28 connection with such loans or guarantees. The rules may be
29 based on recommendations made to the department by the
30 agrifutures loan board. The department may receive rules
31 proposed by the agrifutures loan board and provide rules to
32 the agrifutures loan board for review and comment prior to the
33 rules being filed as provided in section 17A.5. The
34 department shall consider any rules proposed or comments made
35 by the board.

1 Sec. 207. Section 423.24, subsection 1, paragraph a,
2 subparagraph (2), Code Supplement 1997, is amended to read as
3 follows:

4 (2) ~~Beginning January 1, 1996, through December 31, 1997,~~
5 ~~two million five hundred thousand dollars per quarter shall be~~
6 ~~deposited into and credited to the Iowa comprehensive~~
7 ~~petroleum underground storage tank marketability fund created~~
8 ~~in section 455G.21.~~ Beginning January 1, 1998, through
9 ~~December 31, 2002~~ June 30, 1999, four million two hundred
10 fifty thousand dollars per quarter shall be deposited into and
11 credited to the ~~Iowa comprehensive petroleum underground~~
12 ~~storage tank marketability~~ agrifutures revolving loan fund
13 created in section 455G.21 15E.113. However, not more than
14 twenty-five million dollars shall be deposited into the
15 agrifutures revolving loan fund. The moneys so deposited are
16 a continuing appropriation to be expended ~~in accordance with~~
17 to support the agrifutures revolving loan program as
18 established pursuant to section 455G.21 15E.114, and the
19 moneys shall not be used for other purposes.

20 Sec. 208. 1995 Iowa Acts, chapter 215, section 29,
21 subsection 1, is amended to read as follows:

22 SEC. 29. Section 423.24, subsection 1, paragraph a,
23 subparagraph (2), is repealed on ~~January 1, 2003~~ July 1, 2000.

24 Sec. 209. TRANSFER. Moneys deposited in the Iowa
25 comprehensive petroleum underground storage tank marketability
26 fund created in section 455G.21 derived from the use tax as
27 provided in section 423.24, Code 1997, from January 1, 1998,
28 until the effective date of this section of this Act shall be
29 transferred to the agrifutures revolving loan fund created in
30 section 15E.113, as enacted by this Act.

31 Sec. 210. Section 15.203, Code 1997, is repealed.

32 Sec. 211. Section 209 of this Act shall be retroactively
33 applicable on and after January 1, 1998.

34 EXPLANATION

35 This bill relates to agricultural finance by providing for

1 a number of programs to assist agricultural producers and
2 businesses involved in value-added agricultural products and
3 processes.

4 DIVISION I

5 This division of the bill amends the "Linked Investments
6 for Tomorrow Act", by providing for qualified linked
7 investments in which the treasurer of state places a
8 certificate of deposit with an eligible lending institution at
9 a certain interest rate on the condition that the institution
10 agrees to lend the value of the deposit to an eligible
11 borrower at a special rate. The moneys must be used to
12 support a value-added agricultural linked investment program
13 administered by the treasurer of state.

14 The purpose of the program is to provide capital in the
15 form of low-interest loans in order to stimulate existing or
16 to encourage new businesses that add value through the
17 processing of agricultural commodities and to encourage the
18 production of agricultural commodities, if there is a shortage
19 in production.

20 This division of the bill increases the amount of moneys
21 that the treasurer of state may invest in the linked
22 investment program from \$68 million to \$108 million. The
23 treasurer of state is prohibited from depositing more than 10
24 percent of the balance of the state pooled money fund in
25 certificates of deposit in eligible lending institutions
26 pursuant to this division of Code chapter 12. This division
27 provides that the treasurer of state must allocate \$40 million
28 for purposes of supporting the value-added agricultural linked
29 investment program. A borrower is not eligible to receive
30 more than \$1 million in program assistance. This division
31 provides that an initial certificate of deposit which is part
32 of a qualified linked investment placed with an eligible
33 lending institution has a maturity of up to 18 months. It may
34 be renewed at the option of the treasurer of state each year
35 for nine years.

1 DIVISION II

2 This division of the bill establishes an agrifutures loan
3 board created within the department of economic development.
4 This division provides that the board is composed of voting
5 members appointed by the governor and nonvoting, ex officio
6 members including officials in the executive branch and
7 legislative members. This division provides procedures for
8 the operation of the board. The board is charged to review
9 and recommend to the department business projects for support
10 under the value-added agricultural products and processes
11 financial assistance program. This division provides that the
12 board must review and approve business projects for support
13 under the agrifutures revolving loan program created in this
14 division. This division abolishes the agricultural products
15 advisory council which evaluated applications for the value-
16 added agricultural products and processes financial assistance
17 program. This division also requires the board to establish
18 eligibility requirements for borrowers participating in a
19 value-added agricultural linked investment program established
20 in this division.

21 This division of the bill also establishes an agrifutures
22 revolving loan program administered by the department of
23 economic development. This division requires the department
24 to provide program assistance to qualified applicants for
25 purposes of financing business projects which enhance value-
26 added agricultural production and processing in this state.
27 According to this division, assistance is limited to
28 nonforgivable loans or loan guarantees. It also provides that
29 a loan or guarantee cannot be outstanding for more than three
30 years. This division provides that program assistance must be
31 provided to qualified applicants as approved by the
32 agrifutures loan board. The department in cooperation with
33 the board is required to adopt rules necessary in order to
34 administer the program, including rules relating to
35 application requirements, and the terms and conditions of

1 providing assistance, the collection of debts and for the
 2 recovery of loaned or guaranteed moneys, and the management of
 3 property acquired in connection with such loans or guarantees.
 4 This division of the bill creates an agrifutures revolving
 5 loan fund to support the program. This division provides
 6 procedures for administration of the fund by the department.
 7 This division amends Code section 423.24 which allocates use
 8 tax moneys to the Iowa comprehensive petroleum underground
 9 storage tank marketability fund through December 31, 2002.
 10 This division provides that \$4,250,000 per quarter from the
 11 use tax shall be deposited in the agrifutures revolving loan
 12 fund beginning January 1, 1998, and ending June 30, 1999, to a
 13 maximum of \$25 million. This division also provides that
 14 moneys deposited in the Iowa comprehensive petroleum
 15 underground storage tank marketability fund from January 1,
 16 1998, until the effective date of this portion of the bill
 17 must be transferred to the new fund.

18
 19
 20
 21
 22
 23
 24
 25
 26
 27
 28
 29
 30
 31
 32
 33
 34
 35