

FILED FEB 25 1998

*Substituted for
H.F. 2396 (P. 854)
3/23/98*

SENATE FILE 2340
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 2132)

(COMPANION TO HF 2369)

Passed Senate, ^(P. 590) Date 3/5/98 Passed House, Date 3/23/98 (p. 854)
Vote: Ayes 47 Nays 2 Vote: Ayes 98 Nays 0
Approved April 1, 1998

A BILL FOR

1 An Act relating to the Iowa egg council and to an assessment on
2 the sale of eggs for support of the council.

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

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SE. 2340

1 Section 1. Section 196A.1, subsections 3 and 5, Code 1997,
2 are amended to read as follows:

3 3. "~~Egg by-product~~ product" means a product produced in
4 whole or in part from eggs or spent fowl.

5 5. "Market development" means ~~research-and-educational~~
6 programs which are directed toward any of the following:

7 a. Better and more efficient production, marketing, and
8 utilization of eggs or ~~egg by-products-produced-for-resale~~
9 products.

10 b. ~~Better-methods,-including,-but-not-limited-to,-public~~
11 ~~relations-and-other-promotion-techniques,-for-the~~ The
12 maintenance of present markets and for the development of new
13 or larger ~~domestic-or-foreign~~ markets and for the sale of eggs
14 or egg by-products products.

15 c. Prevention, modification, or elimination of trade
16 barriers which obstruct the free flow of eggs or egg by-
17 ~~products-to-market~~ products in commerce.

18 Sec. 2. Section 196A.1, Code 1997, is amended by adding
19 the following new subsection:

20 NEW SUBSECTION. 4A. "Eligible voter" means a producer who
21 is qualified to vote in a referendum conducted under this
22 chapter according to the requirements of section 196A.4 or
23 196A.4A.

24 Sec. 3. Section 196A.4, subsection 3, Code 1997, is
25 amended to read as follows:

26 3. a. Each producer who signs a statement certifying that
27 the producer is a bona fide producer shall be an eligible
28 voter under this section. An eligible voter is entitled to
29 cast one vote in each referendum conducted under this section.

30 b. At the close of the referendum, the secretary shall
31 count and tabulate the ballots cast.

32 (1) If a majority of eligible voters favor approve
33 establishing an Iowa egg council and imposing an assessment, a
34 council shall be established, and an assessment shall be
35 imposed commencing not more than sixty days following the

1 referendum as determined by the council and shall continue for
 2 ~~a period of five years unless extended as provided in section~~
 3 ~~196A.4C~~ until eligible voters voting in a referendum held
 4 pursuant to section 196A.4C vote to abolish the council and
 5 terminate the imposition of the assessment.

6 (2) If a majority of the voters do not ~~favor~~ approve
 7 establishing the council and imposing the assessment, the
 8 council shall not be established and an assessment shall not
 9 be imposed until another referendum is held under this chapter
 10 and a majority of the eligible voters approve establishing a
 11 council and imposing the assessment. If a referendum should
 12 fail, another referendum shall not be held within one hundred
 13 eighty days.

14 Sec. 4. Section 196A.4A, unnumbered paragraph 1, Code
 15 1997, is amended to read as follows:

16 ~~if approved by a majority of voters at a referendum as~~
 17 ~~provided in this chapter, an~~ The council shall establish an
 18 assessment amount set by the council at not more than five
 19 cents for each thirty dozen eggs produced in this state. The
 20 assessment shall be imposed on the a producer at the time of
 21 delivery to a purchaser who ~~will~~ shall deduct the assessment
 22 from the price paid to the a producer at the time of sale.
 23 The assessment shall not be refundable. The assessment is due
 24 to be paid to the council within thirty days following each
 25 calendar quarter, as provided by the council.

26 Sec. 5. Section 196A.4C, Code 1997, is amended to read as
 27 follows:

28 196A.4C REFERENDUMS CONDUCTED DURING THE TENURE OF TO
 29 ABOLISH THE COUNCIL AND TERMINATE IMPOSITION OF THE
 30 ASSESSMENT.

31 1. A referendum ~~shall be conducted as follows:~~ may be
 32 called to abolish the council and terminate the imposition of
 33 the assessment.

34 ~~a--A referendum to extend the imposition of the assessment~~
 35 ~~imposed pursuant to section 196A.4 shall be held every five~~

1 ~~years-in-the-year-prior-to-the-expiration-of-the-assessment-in~~
2 ~~force-~~

3 b- The secretary shall call, and the department shall
4 conduct, ~~a~~ the referendum upon the department's receipt of a
5 petition ~~which-is-signed-by-at-least-twenty-producers~~
6 requesting ~~a-referendum-to-determine-whether-to-terminate-the~~
7 ~~council-and-the-imposition-of-the-assessment~~ the referendum.
8 The petition must be signed by at least twenty eligible voters
9 or fifty percent of all eligible voters whichever is greater.
10 In order to be an eligible voter under this section, a
11 producer must have paid an assessment in the year of the
12 referendum. The referendum shall be conducted within sixty
13 days following receipt of the petition. The petitioners shall
14 guarantee payment of the cost of the referendum by providing
15 evidence of financial security as required by the department.

16 2. The following procedures shall apply to a referendum
17 conducted pursuant to this section:

18 a. The department shall give publish a notice of the
19 referendum ~~on-the-question-whether-to-continue-the-council-and~~
20 ~~the-assessment-by-publishing-the-notice~~ for a period of not
21 less than five days in at least one newspaper of general
22 circulation in the state. The notice shall state the voting
23 places, period of time for voting, and other information
24 deemed necessary by the department. A referendum shall not be
25 commenced until five days after the last date of publication.

26 b. Upon signing a statement certifying to the secretary
27 that ~~a-person~~ the producer is ~~a-bona-fide-producer~~ an eligible
28 voter, the-person a producer is entitled to one vote in each
29 referendum conducted pursuant to this section. The department
30 may conduct the referendum by mail, electronic means, or a
31 general meeting of eligible voters. The department shall
32 conduct the referendum and count and tabulate the ballots
33 filed during the referendum within thirty days following the
34 close of the referendum.

35 (1) If a majority of the total number of ~~producers-voting~~

1 eligible voters who vote in the referendum approves approve
2 the continuation of the council and the imposition of the
3 assessment as-provided-in-the-referendum, the council shall
4 remain-in-existence and the imposition of the assessment shall
5 be-revied continue as provided in this chapter.

6 (2) If a majority of the total number of producers-voting
7 eligible voters who vote in the referendum held pursuant to
8 this section do not approve continuing the council and the
9 imposition of the assessment as-provided-in-the-referendum,
10 the secretary shall terminate the collection of the assessment
11 on the first day of the year for which the referendum was to
12 continue. The secretary shall terminate the activities of the
13 council in an orderly manner as soon as practicable after the
14 determination. An additional referendum may be held as
15 provided in section 196A.4. However, the subsequent
16 referendum shall not be held within one hundred eighty days.

17 Sec. 6. Section 196A.5, unnumbered paragraph 1, Code 1997,
18 is amended to read as follows:

19 The Iowa egg council established under this chapter shall
20 be composed of seven producers members. Each council member
21 must be a natural person who is a resident of this state and a
22 producer or an officer, equity owner, or employee of a
23 producer. A producer shall not be represented more than once
24 on the council. Two persons shall represent large producers,
25 two persons shall represent medium producers, and three
26 persons shall represent small producers. The council shall
27 adopt rules pursuant to chapter 17A establishing
28 classifications for large, medium, and small producers. The
29 following persons or their designees shall serve as ex officio
30 nonvoting members:

31 Sec. 7. Section 196A.5B, subsections 1 and 3, Code 1997,
32 are amended to read as follows:

33 1. The council shall appoint a committee to nominate
34 candidates to stand for election to the council. The council
35 may require that the committee nominate candidates to be

1 appointed by the council to fill a vacancy in a position for
2 the unexpired term of a member. ~~The committee shall be~~
3 ~~comprised of five producers, including the chairperson of the~~
4 ~~council who shall serve as the chairperson of the nominating~~
5 ~~committee. The nominating committee shall include at least~~
6 ~~one member of the council whose term is next to expire. The~~
7 ~~committee shall also include at least one producer who is~~
8 ~~classified as a large producer, if a member whose term is to~~
9 ~~expire represents large producers, at least one producer who~~
10 ~~is classified as a medium producer, if a member whose term is~~
11 ~~to expire represents medium producers, and at least one~~
12 ~~producer who is classified as a small producer, if a member~~
13 ~~whose term is to expire represents small producers.~~

14 3. The council shall provide a notice of an election for
15 members of the council shall be provided by the council by
16 publication in a newspaper of general circulation in the state
17 and in any other reasonable manner required by the council by
18 any means deemed reasonable by the council. The notice shall
19 include the period of time for voting, voting places, and any
20 other information determined necessary by the council.

21 Sec. 8. Section 196A.11, Code 1997, is amended to read as
22 follows:

23 196A.11 DUTIES OF COUNCIL.

24 The Iowa egg council shall do all of the following:

25 1. ~~Provide methods, including, but not limited to public~~
26 ~~relations and other promotion techniques, for the maintenance~~
27 ~~of present markets. However, the council shall not impose any~~
28 ~~marketing order or similar restriction. Promote all of the~~
29 following:

30 a. The increased utilization of eggs and egg products.

31 b. Health benefits associated with the consumption of eggs
32 or egg products.

33 c. Economic benefits associated with the production and
34 processing of eggs or egg products.

35 d. The safe use and consumption of eggs and egg products.

- 1 2. ~~Assist-in-other~~ Provide for market development.
- 2 3. Administer elections for members of the council and
- 3 provide for the appointment of persons to fill vacancies
- 4 occurring on the council, as provided in section 196A.5B. The
- 5 department may assist the council in administering an
- 6 election, upon request to the secretary by the council.
- 7 4. Perform ~~all-acts-necessary~~ any other function the
- 8 council deems necessary to effectuate carry out the provisions
- 9 of this chapter.

10 Sec. 9. Section 196A.12, unnumbered paragraph 1, Code
11 1997, is amended to read as follows:

12 The Iowa egg council may do all of the following:

13 Sec. 10. Section 196A.12, Code 1997, is amended by adding
14 the following new subsection:

15 NEW SUBSECTION. 5. Receive gifts, rents, royalties,
16 license fees or other moneys for deposit in the Iowa egg fund
17 as provided in section 196A.17.

18 Sec. 11. Section 196A.13, Code 1997, is amended to read as
19 follows:

20 196A.13 PROHIBITED ACTIONS.

21 The Iowa egg council shall not do any of the following:

22 1. Become a dues-paying member of any organization,
23 including but not limited to a firm, association, or
24 corporation, regardless of whether the organization is public
25 or private. However, ~~upon-approval-by-the-council,~~ the
26 council may become a dues-paying member of an organization
27 carrying out a purpose related to the increased consumption
28 and utilization of eggs or egg ~~by-products~~ products.

29 2. Provide direct or indirect financial support to or for
30 the benefit of any other person, ~~except-as-provided-in~~
31 subsection-1-or-for. However, the council may do any of the
32 following:

33 a. Provide support to an organization carrying out a
34 purpose related to the increased consumption and utilization
35 of eggs or egg products.

1 b. Execute contracts for services related to research,
2 promotional, or public relations programs, or for the carrying
3 out the duties of the council as provided in section 196A.11.

4 c. Pay for administrative expenses of the council.

5 3. Act, directly or indirectly, in any capacity in
6 marketing or making contracts for the marketing of eggs or egg
7 by-products products.

8 4. Act, directly or indirectly, in any capacity in selling
9 or contracting for the selling of eggs, egg products, or egg
10 by-product equipment used in the manufacturing of egg
11 products.

12 5. a. Make any contribution of council moneys, either
13 directly or indirectly, to any political party or organization
14 or in support of a political candidate for public office, or
15 make.

16 b. Make payments to a political candidate including but
17 not limited to a member of Congress or the general assembly
18 for honorariums, speeches, or for any other purposes above
19 actual and necessary expenses.

20 Sec. 12. Section 196A.19, unnumbered paragraph 2, Code
21 1997, is amended to read as follows:

22 Moneys collected, deposited in the fund, and transferred to
23 the council as provided in this chapter are subject to audit
24 by the auditor of state. The moneys transferred to the
25 council shall be used by the council first for the payment of
26 collection expenses, second for payment of the costs and
27 expenses arising in connection with conducting referendums,
28 and third for market development to carry out the duties of
29 the council as provided in section 196A.11. Moneys remaining
30 after a the council is abolished and the imposition of an
31 assessment is terminated pursuant to a referendum is held when
32 a majority of the voters do not favor extending the assessment
33 conducted pursuant to section 196A.4C shall continue to be
34 expended in accordance with this chapter until exhausted.

35 Sec. 13. TRANSFER. The Code editor shall transfer chapter

1 196A to or near chapter 184 and shall renumber the chapter's
2 sections to enhance the chapter's readability.

3 Sec. 14. Section 196A.25, Code 1997, is repealed.

4 EXPLANATION

5 This bill amends a number of provisions in Code chapter
6 196A providing for the establishment and administration of the
7 Iowa egg council and the assessment of an excise tax on eggs
8 used to support the council's activities.

9 Under current law, the council is required to provide for
10 market development which includes sponsoring research and
11 educational programs, and providing for public relations.
12 This bill eliminates these functions. The bill provides that
13 the council must promote the increased utilization of eggs and
14 egg products, health benefits associated with the consumption
15 of eggs or egg products, economic benefits associated with the
16 production and processing of eggs or egg products, and the
17 safe use and consumption of eggs and egg products.

18 Under current law, the Iowa egg council is established
19 pursuant to a referendum approved by a majority of the state's
20 egg producers. The same referendum also establishes a state
21 excise tax (referred to as an assessment). If approved by a
22 majority of voters at the referendum, an assessment amount set
23 by the council at not more than five cents for each 30 dozen
24 eggs produced in the state is imposed on producers. The
25 assessment is paid at the time of delivery to a purchaser who
26 deducts the assessment from the sales price paid to the
27 producer. The assessment expires every five years unless it
28 is continued pursuant to another referendum. The council may
29 be abolished and the assessment terminated if approved by a
30 majority of producers voting in a special referendum called by
31 at least 20 producers. This bill provides that at least 20
32 eligible voters or 50 percent of all eligible voters,
33 whichever is greater, must call the referendum. This bill
34 provides that the assessment continues indefinitely unless the
35 special referendum called by producers abolishes the council

1 and terminates the assessment. The bill provides that the
2 department may conduct the referendum by mail, electronic
3 means, or a general meeting. The bill provides that in order
4 to be eligible to vote in the referendum, a producer must have
5 paid an assessment in the year of the referendum. The bill
6 also eliminates the ceiling on the assessment amount
7 established by the council.

8 Current law provides for the qualifications of persons who
9 serve as members of the council. The council is composed of
10 seven members who must be producers. This bill provides that
11 a member must also be a resident of the state. Currently, the
12 council is required to appoint a committee to nominate
13 candidates to stand for election to the council. The
14 committee must be composed of five producers, including the
15 chairperson of the council. The committee must also include
16 members of the council representing different sized producers
17 whose terms are next to expire. The bill eliminates
18 requirements relating to a nominating committee's composition.
19 The bill eliminates a requirement that notice of an election
20 must be published in a newspaper.

21 Currently, the council is responsible for administering the
22 Iowa egg fund which includes moneys collected in assessments
23 which are used to support administration of the chapter,
24 including conducting referendums and providing for market
25 development. The bill provides that the council may receive
26 gifts, rents, royalties, license fees, or other moneys for
27 deposit in the fund. The bill provides that the fund may be
28 used to carry out the duties of the council as established in
29 the bill.

30 Currently, the council must annually prepare and submit a
31 report summarizing council activities to the auditor of state
32 and the secretary of agriculture. The report must show all
33 council income and expenses. The bill eliminates the
34 reporting requirement.

35

HOUSE FILE 2340
FISCAL NOTE

A fiscal note for House File 2340 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2340 adds dental services and obstetrical and gynecological medical services to the Volunteer Health Care Provider Program.

ASSUMPTION

1. The current staff of 0.15 FTE position will be insufficient to run the expanded Volunteer Health Care Provider Program.
2. The State of Iowa would be liable for negligence of a volunteer provider delivering services as part of the Program.

FISCAL IMPACT

House File 2340 would have a General Fund impact of approximately \$45,000 in FY 1999 and beyond. The estimate includes 1.0 FTE position and support costs for the Department of Public Health to administer the Program. The fiscal impact regarding the liability for negligence of volunteers cannot be determined.

SOURCE

Department of Public Health

(LSB 3719HV, VMT)

FILED MARCH 10, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

Angelo
Settings
Ruhberg

SSB 2132

Agriculture
Succeeded By
(SF) HF 2340

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 the Iowa egg council and to an assessment on
2 the sale of eggs for support of the council.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 196A.1, subsections 3 and 5, Code 1997,
2 are amended to read as follows:

3 3. "Egg by-product product" means a product produced in
4 whole or in part from eggs or spent fowl.

5 5. "Market development" means ~~research-and-educational~~
6 programs which are directed toward any of the following:

7 a. Better and more efficient production, marketing, and
8 utilization of eggs or egg by-products-~~produced-for-resale~~
9 products.

10 b. ~~Better-methods,-including,-but-not-limited-to,-public~~
11 ~~relations-and-other-promotion-techniques,-for-the~~ The
12 maintenance of present markets and for the development of new
13 or larger domestic-or-foreign markets and for the sale of eggs
14 or egg by-products products.

15 c. Prevention, modification, or elimination of trade
16 barriers which obstruct the free flow of eggs or egg by-
17 ~~products-to-market~~ products in commerce.

18 Sec. 2. Section 196A.1, Code 1997, is amended by adding
19 the following new subsection:

20 NEW SUBSECTION. 4A. "Eligible voter" means a producer who
21 is qualified to vote in a referendum conducted under this
22 chapter according to the requirements of section 196A.4 or
23 196A.4A.

24 Sec. 3. Section 196A.4, subsection 3, Code 1997, is
25 amended to read as follows:

26 3. a. Each producer who signs a statement certifying that
27 the producer is a bona fide producer shall be an eligible
28 voter under this section. An eligible voter is entitled to
29 cast one vote in each referendum conducted under this section.

30 b. At the close of the referendum, the secretary shall
31 count and tabulate the ballots cast.

32 (1) If a majority of eligible voters favor approve
33 establishing an Iowa egg council and imposing an assessment, a
34 council shall be established, and an assessment shall be
35 imposed commencing not more than sixty days following the

1 referendum as determined by the council and shall continue for
2 ~~a period of five years unless extended as provided in section~~
3 ~~196A.4E~~ until eligible voters voting in a referendum held
4 pursuant to section 196A.4C vote to abolish the council and
5 terminate the imposition of the assessment.

6 (2) If a majority of the voters do not favor approve
7 establishing the council and imposing the assessment, the
8 council shall not be established and an assessment shall not
9 be imposed until another referendum is held under this chapter
10 and a majority of the eligible voters approve establishing a
11 council and imposing the assessment. If a referendum should
12 fail, another referendum shall not be held within one hundred
13 eighty days.

14 Sec. 4. Section 196A.4A, unnumbered paragraph 1, Code
15 1997, is amended to read as follows:

16 ~~if approved by a majority of voters at a referendum as~~
17 ~~provided in this chapter, an~~ The council shall establish an
18 assessment amount set by the council at not more than five
19 cents for each thirty dozen eggs produced in this state. The
20 assessment shall be imposed on the a producer at the time of
21 delivery to a purchaser who will shall deduct the assessment
22 from the price paid to the a producer at the time of sale.
23 The assessment shall not be refundable. The assessment is due
24 to be paid to the council within thirty days following each
25 calendar quarter, as provided by the council.

26 Sec. 5. Section 196A.4C, Code 1997, is amended to read as
27 follows:

28 196A.4C REFERENDUMS CONDUCTED DURING THE TENURE OF TO
29 ABOLISH THE COUNCIL AND TERMINATE IMPOSITION OF THE
30 ASSESSMENT.

31 1. A referendum ~~shall be conducted as follows:~~ may be
32 called to abolish the council and terminate the imposition of
33 the assessment.

34 ~~a:--A referendum to extend the imposition of the assessment~~
35 ~~imposed pursuant to section 196A.4 shall be held every five~~

1 years-in-the-year-prior-to-the-expiration-of-the-assessment-in
2 force.

3 b. The secretary shall call, and the department shall
4 conduct, a the referendum upon the department's receipt of a
5 petition which-is-signed-by-at-least-twenty-producers
6 requesting a-referendum-to-determine-whether-to-terminate-the
7 council-and-the-imposition-of-the-assessment the referendum.
8 The petition must be signed by at least twenty eligible voters
9 or fifty percent of all eligible voters whichever is greater.
10 In order to be an eligible voter under this section, a
11 producer must have paid an assessment in the year of the
12 referendum. The referendum shall be conducted within sixty
13 days following receipt of the petition. The petitioners shall
14 guarantee payment of the cost of the referendum by providing
15 evidence of financial security as required by the department.

16 2. The following procedures shall apply to a referendum
17 conducted pursuant to this section:

18 a. The department shall give publish a notice of the
19 referendum ~~on-the-question-whether-to-continue-the-council-and~~
20 ~~the-assessment-by-publishing-the-notice~~ for a period of not
21 less than five days in at least one newspaper of general
22 circulation in the state. The notice shall state the voting
23 places, period of time for voting, and other information
24 deemed necessary by the department. A referendum shall not be
25 commenced until five days after the last date of publication.

26 b. Upon signing a statement certifying to the secretary
27 that ~~a-person~~ the producer is ~~a-bona-fide-producer~~ an eligible
28 voter, ~~the-person~~ a producer is entitled to one vote in each
29 referendum conducted pursuant to this section. The department
30 may conduct the referendum by mail, electronic means, or a
31 general meeting of eligible voters. The department shall
32 conduct the referendum and count and tabulate the ballots
33 filed during the referendum within thirty days following the
34 close of the referendum.

35 (1) If a majority of the total number of ~~producers-voting~~

1 eligible voters who vote in the referendum approves approve
2 the continuation of the council and the imposition of the
3 assessment as-provided-in-the-referendum, the council shall
4 remain-in-existence and the imposition of the assessment shall
5 be-levied continue as provided in this chapter.

6 (2) If a majority of the total number of producers-voting
7 eligible voters who vote in the referendum held pursuant to
8 this section do not approve continuing the council and the
9 imposition of the assessment as-provided-in-the-referendum,
10 the secretary shall terminate the collection of the assessment
11 on the first day of the year for which the referendum was to
12 continue. The secretary shall terminate the activities of the
13 council in an orderly manner as soon as practicable after the
14 determination. An additional referendum may be held as
15 provided in section 196A.4. However, the subsequent
16 referendum shall not be held within one hundred eighty days.

17 Sec. 6. Section 196A.5, unnumbered paragraph 1, Code 1997,
18 is amended to read as follows:

19 The Iowa egg council established under this chapter shall
20 be composed of seven producers members. Each council member
21 must be a natural person who is a resident of this state and a
22 producer or an officer, equity owner, or employee of a
23 producer. A producer shall not be represented more than once
24 on the council. Two persons shall represent large producers,
25 two persons shall represent medium producers, and three
26 persons shall represent small producers. The council shall
27 adopt rules pursuant to chapter 17A establishing
28 classifications for large, medium, and small producers. The
29 following persons or their designees shall serve as ex officio
30 nonvoting members:

31 Sec. 7. Section 196A.5B, subsections 1 and 3, Code 1997,
32 are amended to read as follows:

33 1. The council shall appoint a committee to nominate
34 candidates to stand for election to the council. The council
35 may require that the committee nominate candidates to be

1 appointed by the council to fill a vacancy in a position for
2 the unexpired term of a member. ~~The committee shall be~~
3 ~~comprised of five producers, including the chairperson of the~~
4 ~~council who shall serve as the chairperson of the nominating~~
5 ~~committee. The nominating committee shall include at least~~
6 ~~one member of the council whose term is next to expire. The~~
7 ~~committee shall also include at least one producer who is~~
8 ~~classified as a large producer, if a member whose term is to~~
9 ~~expire represents large producers, at least one producer who~~
10 ~~is classified as a medium producer, if a member whose term is~~
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12 ~~producer who is classified as a small producer, if a member~~
13 ~~whose term is to expire represents small producers.~~

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15 members of the council shall be provided by the council by
16 publication in a newspaper of general circulation in the state
17 and in any other reasonable manner required by the council by
18 any means deemed reasonable by the council. The notice shall
19 include the period of time for voting, voting places, and any
20 other information determined necessary by the council.

21 Sec. 8. Section 196A.11, Code 1997, is amended to read as
22 follows:

23 196A.11 DUTIES OF COUNCIL.

24 The Iowa egg council shall do all of the following:

25 1. Provide methods, including, but not limited to public
26 relations and other promotion techniques, for the maintenance
27 of present markets. However, the council shall not impose any
28 marketing order or similar restriction. Promote all of the
29 following:

30 a. The increased utilization of eggs and egg products.

31 b. Health benefits associated with the consumption of eggs
32 or egg products.

33 c. Economic benefits associated with the production and
34 processing of eggs or egg products.

35 d. The safe use and consumption of eggs and egg products.

1 2. ~~Assist-in-other~~ Provide for market development.
 2 3. Administer elections for members of the council and
 3 provide for the appointment of persons to fill vacancies
 4 occurring on the council, as provided in section 196A.5B. The
 5 department may assist the council in administering an
 6 election, upon request to the secretary by the council.
 7 4. Perform ~~all-acts-necessary~~ any other function the
 8 council deems necessary to effectuate carry out the provisions
 9 of this chapter.

10 Sec. 9. Section 196A.12, unnumbered paragraph 1, Code
 11 1997, is amended to read as follows:

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 14 the following new subsection:

15 NEW SUBSECTION. 5. Receive gifts, rents, royalties,
 16 license fees or other moneys for deposit in the Iowa egg fund
 17 as provided in section 196A.17.

18 Sec. 11. Section 196A.13, Code 1997, is amended to read as
 19 follows:

20 196A.13 PROHIBITED ACTIONS.

21 The Iowa egg council shall not do any of the following:

22 1. Become a dues-paying member of any organization,
 23 including but not limited to a firm, association, or
 24 corporation, regardless of whether the organization is public
 25 or private. However, ~~upon approval by the council,~~ the
 26 council may become a dues-paying member of an organization
 27 carrying out a purpose related to the increased consumption
 28 and utilization of eggs or egg ~~by-products~~ products.

29 2. Provide direct or indirect financial support to or for
 30 the benefit of any other person, ~~except as provided in~~
 31 ~~subsection 1 or for.~~ However, the council may do any of the
 32 following:

33 a. Provide support to an organization carrying out a
 34 purpose related to the increased consumption and utilization
 35 of eggs or egg products.

1 b. Execute contracts for services related to research,
2 promotional, or public relations programs, or for the carrying
3 out the duties of the council as provided in section 196A.11.

4 c. Pay for administrative expenses of the council.

5 3. Act, directly or indirectly, in any capacity in
6 marketing or making contracts for the marketing of eggs or egg
7 by-products products.

8 4. Act, directly or indirectly, in any capacity in selling
9 or contracting for the selling of eggs, egg products, or egg
10 by-product equipment used in the manufacturing of egg
11 products.

12 5. a. Make any contribution of council moneys, either
13 directly or indirectly, to any political party or organization
14 or in support of a political candidate for public office, or
15 make.

16 b. Make payments to a political candidate including but
17 not limited to a member of Congress or the general assembly
18 for honorariums, speeches, or for any other purposes above
19 actual and necessary expenses.

20 Sec. 12. Section 196A.19, unnumbered paragraph 2, Code
21 1997, is amended to read as follows:

22 Moneys collected, deposited in the fund, and transferred to
23 the council as provided in this chapter are subject to audit
24 by the auditor of state. The moneys transferred to the
25 council shall be used by the council first for the payment of
26 collection expenses, second for payment of the costs and
27 expenses arising in connection with conducting referendums,
28 and third for-market-development to carry out the duties of
29 the council as provided in section 196A.11. Moneys remaining
30 after a the council is abolished and the imposition of an
31 assessment is terminated pursuant to a referendum is-held-when
32 a-majority-of-the-voters-do-not-favor-extending-the-assessment
33 conducted pursuant to section 196A.4C shall continue to be
34 expended in accordance with this chapter until exhausted.

35 Sec. 13. TRANSFER. The Code editor shall transfer chapter

1 196A to or near chapter 184 and shall renumber the chapter's
2 sections to enhance the chapter's readability.

3 Sec. 14. Section 196A.25, Code 1997, is repealed.

4 EXPLANATION

5 This bill amends a number of provisions in Code chapter
6 196A providing for the establishment and administration of the
7 Iowa egg council and the assessment of an excise tax on eggs
8 used to support the council's activities.

9 Under current law, the council is required to provide for
10 market development which includes sponsoring research and
11 educational programs, and providing for public relations.
12 This bill eliminates these functions. The bill provides that
13 the council must promote the increased utilization of eggs and
14 egg products, health benefits associated with the consumption
15 of eggs or egg products, economic benefits associated with the
16 production and processing of eggs or egg products, and the
17 safe use and consumption of eggs and egg products.

18 Under current law, the Iowa egg council is established
19 pursuant to a referendum approved by a majority of the state's
20 egg producers. The same referendum also establishes a state
21 excise tax (referred to as an assessment). If approved by a
22 majority of voters at the referendum, an assessment amount set
23 by the council at not more than five cents for each 30 dozen
24 eggs produced in the state is imposed on producers. The
25 assessment is paid at the time of delivery to a purchaser who
26 deducts the assessment from the sales price paid to the
27 producer. The assessment expires every five years unless it
28 is continued pursuant to another referendum. The council may
29 be abolished and the assessment terminated if approved by a
30 majority of producers voting in a special referendum called by
31 at least 20 producers. This bill provides that at least 20
32 eligible voters of 50 percent of all eligible voters,
33 whichever is greater, must call the referendum. This bill
34 provides that the assessment continues indefinitely unless the
35 special referendum called by producers abolishes the council

1 and terminates the assessment. The bill provides that the
2 department may conduct the referendum by mail, electronic
3 means, or a general meeting. The bill provides that in order
4 to be eligible to vote in the referendum, a producer must have
5 paid an assessment in the year of the referendum. The bill
6 also eliminates the ceiling on the assessment amount
7 established by the council.

8 Current law provides for the qualifications of persons who
9 serve as members of the council. The council is composed of
10 seven members who must be producers. This bill provides that
11 a member must also be a resident of the state. Currently, the
12 council is required to appoint a committee to nominate
13 candidates to stand for election to the council. The
14 committee must be composed of five producers, including the
15 five producers including the chairperson of the council. The
16 committee must also include members of the council
17 representing different sized producers whose terms are next to
18 expire. The bill eliminates requirements relating to a
19 nominating committee's composition. The bill eliminates a
20 requirement that notice of an election must be published in a
21 newspaper.

22 Currently, the council is responsible for administering the
23 Iowa egg fund which includes moneys collected in assessments
24 which are used to support administration of the chapter,
25 including conducting referendums and providing for market
26 development. The bill provides that the council may receive
27 gifts, rents, royalties, license fees, or other moneys for
28 deposit in the fund. The bill provides that the fund may be
29 used to carry out the duties of the council as established in
30 the bill.

31 Currently, the council must annually prepare and submit a
32 report summarizing council activities to the auditor of state
33 and the secretary of agriculture. The report must show all
34 council income and expenses. The bill eliminates the
35 reporting requirement.

SENATE FILE 2340

AN ACT

RELATING TO THE IOWA EGG COUNCIL AND TO AN ASSESSMENT ON THE SALE OF EGGS FOR SUPPORT OF THE COUNCIL.

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

Section 1. Section 196A.1, subsections 3 and 5, Code 1997, are amended to read as follows:

3. "Egg by-product product" means a product produced in whole or in part from eggs or spent fowl.

5. "Market development" means ~~research-and-educational~~ programs which are directed toward any of the following:

a. Better and more efficient production, marketing, and utilization of eggs or ~~egg by-products-produced-for-resale~~ products.

b. ~~Better-methods,-including,-but-not-limited-to,-public-relations-and-other-promotion-techniques,-for-the~~ The maintenance of present markets and for the development of new or larger ~~domestic-or-foreign~~ markets and for the sale of eggs or egg by-products products.

c. Prevention, modification, or elimination of trade barriers which obstruct the free flow of eggs or egg by-products-to-market products in commerce.

Sec. 2. Section 196A.1, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. "Eligible voter" means a producer who is qualified to vote in a referendum conducted under this chapter according to the requirements of section 196A.4 or 196A.4A.

Sec. 3. Section 196A.4, subsection 3, Code 1997, is amended to read as follows:

3. a. Each producer who signs a statement certifying that the producer is a bona fide producer shall be an eligible

voter under this section. An eligible voter is entitled to cast one vote in each referendum conducted under this section.

b. At the close of the referendum, the secretary shall count and tabulate the ballots cast.

(1) If a majority of eligible voters favor approve establishing an Iowa egg council and imposing an assessment, a council shall be established, and an assessment shall be imposed commencing not more than sixty days following the referendum as determined by the council and shall continue for ~~a-period-of-five-years-unless-extended-as-provided-in-section-196A.4B~~ until eligible voters voting in a referendum held pursuant to section 196A.4C vote to abolish the council and terminate the imposition of the assessment.

(2) If a majority of the voters do not favor approve establishing the council and imposing the assessment, the council shall not be established and an assessment shall not be imposed until another referendum is held under this chapter and a majority of the eligible voters approve establishing a council and imposing the assessment. If a referendum should fail, another referendum shall not be held within one hundred eighty days.

Sec. 4. Section 196A.4A, unnumbered paragraph 1, Code 1997, is amended to read as follows:

~~if-approved-by-a-majority-of-voters-at-a-referendum-as-provided-in-this-chapter,-an~~ The council shall establish an assessment amount set-by-the-council-at-not-more-than-five cents for each thirty dozen eggs produced in this state. The assessment shall be imposed on the a producer at the time of delivery to a purchaser who will shall deduct the assessment from the price paid to the a producer at the time of sale. The assessment shall not be refundable. The assessment is due to be paid to the council within thirty days following each calendar quarter, as provided by the council.

Sec. 5. Section 196A.4C, Code 1997, is amended to read as follows:

196A.4C REFERENDUMS CONDUCTED DURING THE PERIOD OF TO
 ABOLISH THE COUNCIL AND TERMINATE IMPOSITION OF THE
 ASSESSMENT.

1. A referendum shall be conducted as follows: may be called to abolish the council and terminate the imposition of the assessment.

~~a. A referendum to extend the imposition of the assessment imposed pursuant to section 196A.4 shall be held every five years in the year prior to the expiration of the assessment in force.~~

b. The secretary shall call, and the department shall conduct, a the referendum upon the department's receipt of a petition ~~which is signed by at least twenty producers requesting a referendum to determine whether to terminate the council and the imposition of the assessment~~ the referendum. The petition must be signed by at least twenty eligible voters or fifty percent of all eligible voters whichever is greater. In order to be an eligible voter under this section, a producer must have paid an assessment in the year of the referendum. The referendum shall be conducted within sixty days following receipt of the petition. The petitioners shall guarantee payment of the cost of the referendum by providing evidence of financial security as required by the department.

2. The following procedures shall apply to a referendum conducted pursuant to this section:

a. The department shall give publish a notice of the referendum ~~on the question whether to continue the council and the assessment by publishing the notice~~ for a period of not less than five days in at least one newspaper of general circulation in the state. The notice shall state the voting places, period of time for voting, and other information deemed necessary by the department. A referendum shall not be commenced until five days after the last date of publication.

b. Upon signing a statement certifying to the secretary that a person the producer is a bona-fide producer an eligible

voter, the person a producer is entitled to one vote in each referendum conducted pursuant to this section. The department may conduct the referendum by mail, electronic means, or a general meeting of eligible voters. The department shall conduct the referendum and count and tabulate the ballots filed during the referendum within thirty days following the close of the referendum.

(1) If a majority of the total number of producers voting eligible voters who vote in the referendum approves approve the continuation of the council and the imposition of the assessment as provided in the referendum, the council shall remain in existence and the imposition of the assessment shall be levied continue as provided in this chapter.

(2) If a majority of the total number of producers voting eligible voters who vote in the referendum held pursuant to this section do not approve continuing the council and the imposition of the assessment as provided in the referendum, the secretary shall terminate the collection of the assessment on the first day of the year for which the referendum was to continue. The secretary shall terminate the activities of the council in an orderly manner as soon as practicable after the determination. An additional referendum may be held as provided in section 196A.4. However, the subsequent referendum shall not be held within one hundred eighty days.

Sec. 6. Section 196A.5, unnumbered paragraph 1, Code 1997, is amended to read as follows:

The Iowa egg council established under this chapter shall be composed of seven producers members. Each council member must be a natural person who is a resident of this state and a producer or an officer, equity owner, or employee of a producer. A producer shall not be represented more than once on the council. Two persons shall represent large producers, two persons shall represent medium producers, and three persons shall represent small producers. The council shall adopt rules pursuant to chapter 17A establishing

classifications for large, medium, and small producers. The following persons or their designees shall serve as ex officio nonvoting members:

Sec. 7. Section 196A.5B, subsections 1 and 3, Code 1997, are amended to read as follows:

1. The council shall appoint a committee to nominate candidates to stand for election to the council. The council may require that the committee nominate candidates to be appointed by the council to fill a vacancy in a position for the unexpired term of a member. ~~The committee shall be comprised of five producers, including the chairperson of the council who shall serve as the chairperson of the nominating committee. The nominating committee shall include at least one member of the council whose term is next to expire. The committee shall also include at least one producer who is classified as a large producer, if a member whose term is to expire represents large producers; at least one producer who is classified as a medium producer, if a member whose term is to expire represents medium producers; and at least one producer who is classified as a small producer, if a member whose term is to expire represents small producers.~~

3. A The council shall provide a notice of an election for members of the council shall be provided by the council by publication in a newspaper of general circulation in the state and in any other reasonable manner required by the council by any means deemed reasonable by the council. The notice shall include the period of time for voting, voting places, and any other information determined necessary by the council.

Sec. 8. Section 196A.11, Code 1997, is amended to read as follows:

196A.11 DUTIES OF COUNCIL.

The Iowa egg council shall do all of the following:

1. ~~Provide methods, including, but not limited to, public relations and other promotion techniques, for the maintenance of present markets. However, the council shall not impose any~~

~~marketing order or similar restriction.~~ Promote all of the following:

- a. The increased utilization of eggs and egg products.
- b. Health benefits associated with the consumption of eggs or egg products.
- c. Economic benefits associated with the production and processing of eggs or egg products.
- d. The safe use and consumption of eggs and egg products.

2. ~~Assist in other~~ Provide for market development.

3. Administer elections for members of the council and provide for the appointment of persons to fill vacancies occurring on the council, as provided in section 196A.5B. The department may assist the council in administering an election, upon request to the secretary by the council.

4. ~~Perform all acts necessary~~ any other function the council deems necessary to effectuate carry out the provisions of this chapter.

Sec. 9. Section 196A.12, unnumbered paragraph 1, Code 1997, is amended to read as follows:

The Iowa egg council may do all of the following:

Sec. 10. Section 196A.12, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 5. Receive gifts, rents, royalties, license fees or other moneys for deposit in the Iowa egg fund as provided in section 196A.17.

Sec. 11. Section 196A.13, Code 1997, is amended to read as follows:

196A.13 PROHIBITED ACTIONS.

The Iowa egg council shall not do any of the following:

1. Become a dues-paying member of any organization, including but not limited to a firm, association, or corporation, regardless of whether the organization is public or private. However, upon approval by the council, the council may become a dues-paying member of an organization carrying out a purpose related to the increased consumption and utilization of eggs or egg by-products products.

2. Provide direct or indirect financial support to or for the benefit of any other person, except as provided in subsection 1 or for. However, the council may do any of the following:

a. Provide support to an organization carrying out a purpose related to the increased consumption and utilization of eggs or egg products.

b. Execute contracts for services related to research, promotional, or public relations programs, or for the carrying out the duties of the council as provided in section 196A.11.

c. Pay for administrative expenses of the council.

3. Act, directly or indirectly, in any capacity in marketing or making contracts for the marketing of eggs or egg by-products products.

4. Act, directly or indirectly, in any capacity in selling or contracting for the selling of eggs, egg products, or egg by-product equipment used in the manufacturing of egg products.

5. a. Make any contribution of council moneys, either directly or indirectly, to any political party or organization or in support of a political candidate for public office, or make.

b. Make payments to a political candidate including but not limited to a member of Congress or the general assembly for honorariums, speeches, or for any other purposes above actual and necessary expenses.

Sec. 12. Section 196A.19, unnumbered paragraph 2, Code 1997, is amended to read as follows:

Moneys collected, deposited in the fund, and transferred to the council as provided in this chapter are subject to audit by the auditor of state. The moneys transferred to the council shall be used by the council first for the payment of collection expenses, second for payment of the costs and expenses arising in connection with conducting referendums, and third for market development to carry out the duties of

the council as provided in section 196A.11. Moneys remaining after a the council is abolished and the imposition of an assessment is terminated pursuant to a referendum is held when a majority of the voters do not favor extending the assessment conducted pursuant to section 196A.4C shall continue to be expended in accordance with this chapter until exhausted.

Sec. 13. TRANSPER. The Code editor shall transfer chapter 196A to or near chapter 184 and shall renumber the chapter's sections to enhance the chapter's readability.

Sec. 14. Section 196A.25, Code 1997, is repealed.

MARY E. KRAMER
President of the Senate

RON J. CORBETT
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2340, Seventy-seventh General Assembly.

MARY PAT GUNDERSON
Secretary of the Senate

Approved *Mary Pat Gunderson*, 1998

TERRY E. BRANSTAD
Governor