

Senate Study Bill 2136

Bill Text

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1 1 DIVISION I
1 2 LINKED INVESTMENT DEPOSITS
1 3 Section 101. Section [12.32](#), Code Supplement 1997, is
1 4 amended by adding the following new subsections:
1 5 NEW SUBSECTION. 0. "Agrifutures loan board" means the
1 6 agrifutures loan board created in section 15.361.
1 7 NEW SUBSECTION. 4. "Qualified linked investment" means a
1 8 linked investment in which a certificate of deposit is placed
1 9 by the treasurer of state with an eligible lending institution
1 10 under the value-added agricultural linked investment program
1 11 established under section 12.42.
1 12 Sec. 102. Section [12.34](#), Code Supplement 1997, is amended
1 13 to read as follows:
1 14 12.34 LINKED INVESTMENTS LIMITATIONS RULES
1 15 MATURITY AND RENEWAL OF CERTIFICATES.
1 16 1. The treasurer of state may invest up to the lesser of
1 17
~~— sixty eight~~
~~— one hundred eight~~ million dollars or ten percent
1 18 of the balance of the state pooled money fund in certificates
1 19 of deposit in eligible lending institutions pursuant to this
1 20 division. The treasurer of state shall allocate forty million
1 21 dollars of the amount authorized for investment under this
1 22 subsection for purposes of supporting the value-added
1 23 agricultural linked investment program established in section
1 24 12.42. The treasurer of state shall provide for the security
1 25 of the deposits made to eligible lending institutions as
1 26 provided in chapter 12C.
1 27 2. The treasurer of state shall adopt rules pursuant to
1 28 chapter 17A to administer this division.
1 29 3. The following shall apply to a certificate of deposit,
1 30 which is placed with an eligible lending institution by the
1 31 treasurer of state pursuant to this division:
1 32 a.
~~— Certificates~~
~~— A certificate~~ of deposit, which is not
1 33 part of a qualified linked investment, placed by the treasurer
1 34 of state with an eligible lending institution on or after July
1 35 1, 1996,
~~— pursuant to this division~~
~~— may be renewed at the~~
2 1 option of the treasurer. The initial certificate of deposit
2 2 for a given borrower shall have a maturity of one year and may
2 3 be renewed for eight additional one-year periods.
2 4 b. A certificate of deposit which is part of a qualified
2 5 linked investment placed by the treasurer of state with an
2 6 eligible lending institution shall have a maturity of up to
2 7 eighteen months. The certificate of deposit may be renewed at
2 8 the option of the treasurer on an annual basis for a total
2 9 term not to exceed nine years.
2 10 Sec. 103. NEW SECTION. 12.42 VALUE-ADDED AGRICULTURAL
2 11 LINKED INVESTMENT PROGRAM.
2 12 1. The treasurer of state shall establish and administer,

2 13 and adopt rules as necessary to establish and administer, a
2 14 value-added agricultural linked investment program. The
2 15 purpose of the program is to provide capital in the form of
2 16 low-interest loans in order to do any of the following:

2 17 a. Stimulate existing businesses or encourage the
2 18 establishment of new business that add value through the
2 19 processing of agricultural commodities.

2 20 b. Encourage the production of agricultural commodities,
2 21 if a shortage in production exists.

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

2 27 3. A borrower shall not receive a loan of more than one
2 28 million dollars under this program.

2 29 DIVISION II
2 30 AGRIFUTURES

2 31 Sec. 201. NEW SECTION. 15.361 AGRIFUTURES LOAN BOARD.

2 32 1. An agrifutures loan board is created within the
2 33 department of economic development. The powers of the board
2 34 are vested in and shall be exercised by seventeen members
2 35 including nine members appointed by the governor and eight ex
3 1 officio nonvoting members.

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

3 10 (1) One person representing financial institutions who is
3 11 actively engaged in financing agricultural businesses.

3 12 (2) One person representing agribusiness who is actively
3 13 engaged in an agribusiness.

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

3 17 (4) One person representing processors of agricultural
3 18 products who is actively engaged in processing such products.

3 19 (5) One person representing marketers of agricultural
3 20 commodities or products who is actively engaged in marketing
3 21 agricultural commodities or products.

3 22 (6) One person representing an organization promoting
3 23 producers of agricultural commodities generally rather than a
3 24 specific commodity, who is a member of such an organization.

3 25 (7) Two persons representing organizations promoting
3 26 producers of specific commodities who are members of the
3 27 organizations. The governor shall appoint persons from among
3 28 the state's commodity organizations on a rotating basis.

3 29 (8) One person representing the economic development board
3 30 as created in section 15.103 who is a member of the board.

3 31 b. The nonvoting ex officio members shall include all of
3 32 the following:

3 33 (1) A person appointed by the governor representing the
3 34 governor's office.

3 35 (2) The treasurer of state.

4 1 (3) The secretary of agriculture.

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

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

4 10 with the majority leader of the house of representatives and
4 11 the minority leader of the house of representatives from their
4 12 respective parties.

4 13 3. A vacancy on the board of directors shall be filled in
4 14 the same manner as an original appointment. A person
4 15 appointed to fill a vacancy shall serve only for the unexpired
4 16 portion of the term. A member is eligible for reappointment.
4 17 An appointed member may be removed from office by the governor
4 18 for misfeasance, malfeasance, or willful neglect of duty or
4 19 other just cause, after notice and hearing, unless the notice
4 20 and hearing is expressly waived in writing.

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

4 30 5. The appointed members are entitled to receive a per
4 31 diem as specified in section 7E.6 for each day spent in
4 32 performance of duties as members, and shall be reimbursed for
4 33 all actual and necessary expenses incurred in the performance
4 34 of duties as members.

4 35 6. If a member has a interest, either direct or indirect,
5 1 in a contract to which the board is or is to be a party, the
5 2 member shall disclose the interest to the board in writing.
5 3 The writing stating the conflict shall be set forth in the
5 4 minutes of the board. The member having the interest shall
5 5 not participate in any action by the board relating to the
5 6 contract.

5 7 7. The department shall provide appropriate staff support
5 8 to the board.

5 9 Sec. 202. NEW SECTION. 15.362 POWERS AND DUTIES.

5 10 The agrifutures loan board shall have the following powers
5 11 and duties:

5 12 1. Review and approve business projects for support under
5 13 the value-added agricultural products and processes financial
5 14 assistance program as provided in section 15E.111.

5 15 2. Review and approve business projects for support under
5 16 the agrifutures revolving loan program established in section
5 17 15E.114.

5 18 3. Establish requirements for borrowers to be eligible to
5 19 participate in the value-added agricultural linked investment
5 20 program established in section 12.42. The requirements shall
5 21 be established by rule adopted pursuant to chapter 17A in
5 22 cooperation with the treasurer of state as provided in section
5 23 12.42.

5 24 Sec. 203. Section 15E.111, subsection 3, Code 1997, is
5 25 amended to read as follows:

5 26 3. The department of economic development shall grant
5 27 financial assistance to a person determined

~~by the department~~

5 28 to be eligible to receive assistance under this section

~~upon~~

5 29 review and

~~evaluation~~

~~approval of the person's application by~~

5 30 the

~~agricultural products advisory council~~

- agrifutures loan

5 31 board as established in section

~~15.203~~

- 15.361.

~~The department~~

- 5 32

~~shall consider the council's evaluation in granting or denying~~

- 5 33

~~assistance.~~

- The

~~department~~

- board shall not approve an

5 34 application for assistance under this section to refinance an

5 35 existing loan. The

~~department~~

- board shall not directly award

6 1 financial assistance to support an activity directly related

6 2 to farming as defined in section 9H.1, including the

6 3 establishment or operation of a livestock production

6 4 operation, regardless of whether the activity is related to a

6 5 renewable fuel production facility.

6 6 Sec. 204. Section 15E.111, subsection 6, paragraph c, Code

6 7 1997, is amended to read as follows:

6 8 c. The department shall cooperate with the office of

6 9 renewable fuels and coproducts in order to carry out this

6 10 subsection, as provided in section 159A.6B. The office shall

6 11 be primarily responsible for providing technical expertise

6 12 regarding the operation of a renewable fuel production

6 13 facility, and specifically a facility which supports livestock

6 14 production operations. The department shall cooperate with

6 15 any contract consultant supported by the office as provided in

6 16 section 159A.6B. The

~~agricultural products advisory council~~

- 6 17 agrifutures loan board as established in section

~~15.203~~

- 15.361

6 18 shall coordinate the activities of the department and the

6 19 office. In administering this part of the program, the

6 20 department and the office shall cooperate with the department

6 21 of natural resources which shall assist an applicant in

6 22 complying with all applicable environmental regulations. The

6 23 department of natural resources shall acknowledge receipt of a

6 24 completed application for a permit not later than two weeks

6 25 following receipt of a completed application by the

6 26 department. Within twelve weeks following receipt of the

6 27 application, the department shall issue the permit or reply to

6 28 the applicant describing reasons why the permit cannot be

6 29 issued.

6 30 Sec. 205. NEW SECTION. 15E.113 AGRIFUTURES REVOLVING

6 31 LOAN FUND.

6 32 1. An agrifutures revolving loan fund is created in the

6 33 state treasury under the control of the department of economic

6 34 development. The fund is composed of moneys appropriated by

6 35 the general assembly, and moneys available to and obtained or

7 1 accepted by the department or the agrifutures loan board

7 2 created in section 15.361 from the United States or private

7 3 sources for placement in the fund. The fund shall include
7 4 moneys deposited into the fund pursuant to section 423.24, the
7 5 repayment of moneys, moneys obtained by the collection of
7 6 assets, and the recapture of awards, as provided under section
7 7 15E.114.

7 8 2. The agrifutures revolving loan fund is subject to
7 9 warrants written by the director of revenue and finance, drawn
7 10 upon the written requisition of the director of the department
7 11 of economic development or a person authorized by the
7 12 director. The agrifutures loan board shall review the
7 13 administration of the fund.

7 14 3. The agrifutures revolving loan fund shall be used to
7 15 support the agrifutures revolving loan program as provided in
7 16 section 15E.114.

7 17 4. In administering the agrifutures revolving loan fund,
7 18 the department may contract, sue, and be sued. However, the
7 19 department shall not in any manner directly or indirectly
7 20 pledge the credit of the state. The department shall
7 21 periodically report to the agrifutures loan board about the
7 22 administration of the fund.

7 23 5. The department shall adopt rules pursuant to chapter
7 24 17A to administer this section.

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

7 29 Sec. 206. NEW SECTION. 15E.114 AGRIFUTURES REVOLVING
7 30 LOAN PROGRAM.

7 31 1. The department shall establish an agrifutures revolving
7 32 loan program. The program shall be supported from moneys
7 33 deposited in the agrifutures revolving loan fund created in
7 34 section 15E.113.

7 35 2. The department shall administer the agrifutures
8 1 revolving loan fund as provided in this section. The
8 2 department shall periodically report to the agrifutures loan
8 3 board about the administration of the program.

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

8 9 a. Program assistance shall be limited to nonforgivable
8 10 loans or loan guarantees.

8 11 b. A loan or a guarantee made by the department shall not
8 12 be outstanding for more than three years from the date that
8 13 the loan or guarantee has been made.

8 14 c. In order to qualify for program assistance under this
8 15 section, an applicant must comply with procedures required by
8 16 the department.

8 17 d. Program assistance shall be provided to qualified
8 18 applicants as authorized and approved by the agrifutures loan
8 19 board.

8 20 4. The department shall adopt rules in cooperation with
8 21 the agrifutures loan board pursuant to chapter 17A necessary
8 22 in order to administer this section, including rules relating
8 23 to application requirements, the terms and conditions of
8 24 providing program assistance, criteria used by the agrifutures
8 25 loan board to make decisions regarding qualified applicants,
8 26 the collection of debts and for the recovery of loaned or
8 27 guaranteed moneys, and the management of property acquired in
8 28 connection with such loans or guarantees. The rules may be
8 29 based on recommendations made to the department by the
8 30 agrifutures loan board. The department may receive rules
8 31 proposed by the agrifutures loan board and provide rules to
8 32 the agrifutures loan board for review and comment prior to the
8 33 rules being filed as provided in section 17A.5. The
8 34 department shall consider any rules proposed or comments made

8 35 by the board.

9 1 Sec. 207. Section 423.24, subsection 1, paragraph a,
9 2 subparagraph (2), Code Supplement 1997, is amended to read as
9 3 follows:
9 4 (2)

~~Beginning January 1, 1996, through December 31, 1997,~~

~~9 5~~

~~two million five hundred thousand dollars per quarter shall be~~

~~9 6~~

~~deposited into and credited to the Iowa comprehensive~~

~~9 7~~

~~petroleum underground storage tank marketability fund created~~

~~9 8~~

~~in section 455G.21.~~

~~Beginning January 1, 1998, through~~

~~9 9~~

~~December 31, 2002~~

~~June 30, 1999, four million two hundred~~

~~9 10 fifty thousand dollars per quarter shall be deposited into and~~

~~9 11 credited to the~~

~~Iowa comprehensive petroleum underground~~

~~9 12~~

~~storage tank marketability~~

~~9 13 agrifutures revolving loan fund~~

~~created in section~~

~~455G.21~~

~~9 14 15E.113. However, not more than~~

~~9 15 twenty-five million dollars shall be deposited into the~~

~~9 16 agrifutures revolving loan fund. The moneys so deposited are~~

~~9 17 a continuing appropriation to be expended~~

~~9 18 in accordance with~~

~~9 19 to support the agrifutures revolving loan program as~~

~~9 20 established pursuant to section~~

~~455G.21~~

~~9 21 15E.114, and the~~

~~9 22 moneys shall not be used for other purposes.~~

9 23 Sec. 208. 1995 Iowa Acts, chapter 215, section 29,

9 24 subsection 1, is amended to read as follows:

9 25 SEC. 29. Section 423.24, subsection 1, paragraph a,

9 26 subparagraph (2), is repealed on

~~9 27 January 1, 2003~~

~~9 28 July 1, 2000.~~

9 29 Sec. 209. TRANSFER. Moneys deposited in the Iowa

9 30 comprehensive petroleum underground storage tank marketability

9 31 fund created in section 455G.21 derived from the use tax as

9 32 provided in section 423.24, Code 1997, from January 1, 1998,

9 33 until the effective date of this section of this Act shall be

9 34 transferred to the agrifutures revolving loan fund created in

9 35 section 15E.113, as enacted by this Act.

9 31 Sec. 210. Section 15.203, Code 1997, is repealed.
9 32 Sec. 211. Section 209 of this Act shall be retroactively
9 33 applicable on and after January 1, 1998.

9 34 EXPLANATION

9 35 This bill relates to agricultural finance by providing for
10 1 a number of programs to assist agricultural producers and
10 2 businesses involved in value-added agricultural products and
10 3 processes.

10 4 DIVISION I

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

10 14 The purpose of the program is to provide capital in the
10 15 form of low-interest loans in order to stimulate existing or
10 16 to encourage new businesses that add value through the
10 17 processing of agricultural commodities and to encourage the
10 18 production of agricultural commodities, if there is a shortage
10 19 in production.

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

11 1 DIVISION II

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

11 21 This division of the bill also establishes an agrifutures
11 22 revolving loan program administered by the department of
11 23 economic development. This division requires the department
11 24 to provide program assistance to qualified applicants for
11 25 purposes of financing business projects which enhance value-
11 26 added agricultural production and processing in this state.
11 27 According to this division, assistance is limited to

11 28 nonforgivable loans or loan guarantees. It also provides that
11 29 a loan or guarantee cannot be outstanding for more than three
11 30 years. This division provides that program assistance must be
11 31 provided to qualified applicants as approved by the
11 32 agrifutures loan board. The department in cooperation with
11 33 the board is required to adopt rules necessary in order to
11 34 administer the program, including rules relating to
11 35 application requirements, and the terms and conditions of
12 1 providing assistance, the collection of debts and for the
12 2 recovery of loaned or guaranteed moneys, and the management of
12 3 property acquired in connection with such loans or guarantees.
12 4 This division of the bill creates an agrifutures revolving
12 5 loan fund to support the program. This division provides
12 6 procedures for administration of the fund by the department.
12 7 This division amends Code section 423.24 which allocates use
12 8 tax moneys to the Iowa comprehensive petroleum underground
12 9 storage tank marketability fund through December 31, 2002.
12 10 This division provides that \$4,250,000 per quarter from the
12 11 use tax shall be deposited in the agrifutures revolving loan
12 12 fund beginning January 1, 1998, and ending June 30, 1999, to a
12 13 maximum of \$25 million. This division also provides that
12 14 moneys deposited in the Iowa comprehensive petroleum
12 15 underground storage tank marketability fund from January 1,
12 16 1998, until the effective date of this portion of the bill
12 17 must be transferred to the new fund.
12 18 LSB 4321SC 77
12 19 da/sc/14