

Drake, Chair
Johnson
Mundie

HSB 517
Agriculture
Introduced By
SF/HE 2017

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
AGRICULTURE AND LAND
STEWARDSHIP BILL)

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

A BILL FOR

1 An Act affecting eligibility for the beginning farmer loan
2 program.

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

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1 Section 1. Section 175.2, subsection 12, Code 1999, is
2 amended to read as follows:

3 12. "Low or moderate net worth" means:

4 a. For an individual, an aggregate net worth of the
5 individual and the individual's spouse and minor children of
6 less than two hundred fifty thousand dollars.

7 b. For a partnership, an aggregate net worth of all
8 partners, including each partner's net capital in the
9 partnership, and each partner's spouse and minor children of
10 less than ~~four~~ five hundred thousand dollars. However, the
11 aggregate net worth of each partner and that partner's spouse
12 and minor children shall not exceed two hundred fifty thousand
13 dollars.

14 c. For a family farm corporation, an aggregate net worth
15 of all shareholders, including the value of each shareholder's
16 share in the family farm corporation, and each shareholder's
17 spouse and minor children of less than ~~four~~ five hundred
18 thousand dollars. However, the aggregate net worth of each
19 shareholder and that shareholder's spouse and minor children
20 shall not exceed two hundred fifty thousand dollars.

21 d. For a family farm limited liability company, an
22 aggregate net worth of all members, including each member's
23 ownership interest in the family farm limited liability
24 company, and each member's spouse and minor children of less
25 than ~~four~~ five hundred thousand dollars. However, the
26 aggregate net worth of each member and that member's spouse
27 and minor children shall not exceed two hundred fifty thousand
28 dollars.

29 EXPLANATION

30 This bill amends Code chapter 175 which establishes the
31 agricultural development authority and a number of programs
32 administered by the authority, including the beginning farmer
33 loan program. The purpose of the program is to assist
34 beginning farmers in acquiring agricultural land and
35 improvements and depreciable agricultural property. A

1 beginning farmer must be an individual, partnership, family
2 farm corporation, or family farm limited liability company, as
3 defined in Code section 9H.1, with a low or moderate net
4 worth, engaging in farming or wishing to engage in farming.

5 This bill amends Code section 175.2 by increasing the
6 maximum amount of a farmer's net worth in order to still
7 qualify for assistance under the program. For individuals,
8 the maximum net worth requirement is increased from \$200,000
9 to \$250,000. For nonindividuals, it is increased from
10 \$400,000 to \$500,000. The bill also increases the maximum
11 amount of net worth of each equity holder or spouse and minor
12 children of the equity holder from \$200,000 to \$250,000.

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Memo

To: Members of the General Assembly
From: Iowa Department of Agriculture and Land Stewardship
CC: Diane Bolender
Date: 11/10/99
Re: LSB # 5074XD

- An Iowa beginning farmer has significantly higher machinery and operating expenses today than he/she did in 1981 when the Beginning Farmer Loan Program (BFLP) was established.
- In order for a financial institution to support a beginning farmer to pursue a project through the Iowa Agricultural Development Authority (IADA), the farmer must have a sizeable base of machinery and cash reserves. A net worth of \$200,000 reflects a very small operator that may not meet a bank's lending standards to qualify for a BFLP project.
- The long term trends for the agricultural industry indicate that a small farm operation will have even higher machinery costs than has historically been the case. The operation will need significant cash reserves to carry it through the rough years as well as assure the lender that the operation can survive.
- The intent of the minimal raising of a beginning farmer's net worth cap, as reflected through this legislation, is to expand the Beginning Farmer Loan Program so more small farmers can obtain lower interests rates and remain competitive with larger operators. The cap would be raised only enough to allow viable yet small operators the opportunity to access BFLP assistance. If small farmers are not provided adequate support, they will soon have to close their operations and most likely sell out to larger operators.
- Adjusting the net worth qualification factor, for the first time in two decades, allows the BFLP to support farmers who are still relatively small farmers.

S-2/24/00 Do Pass

JAN 31 2000
Place On Calendar

HOUSE FILE 2099
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HSB 517)

Passed House, ^(p.227) Date 2/7/00 Passed Senate, ^(p.601) Date 3/9/00
Vote: Ayes 94 Nays 1 Vote: Ayes 49 Nays 0
Approved 3/29/00

A BILL FOR

1 An Act affecting eligibility for the beginning farmer loan
2 program, and providing an effective date.

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

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HF 2099

1 Section 1. Section 175.2, subsection 12, Code 1999, is
2 amended to read as follows:

3 12. "Low or moderate net worth" means:

4 a. For an individual, an aggregate net worth of the
5 individual and the individual's spouse and minor children of
6 less than ~~two~~ three hundred thousand dollars.

7 b. For a partnership, an aggregate net worth of all
8 partners, including each partner's net capital in the
9 partnership, and each partner's spouse and minor children of
10 less than ~~four~~ six hundred thousand dollars. However, the
11 aggregate net worth of each partner and that partner's spouse
12 and minor children shall not exceed ~~two~~ three hundred thousand
13 dollars.

14 c. For a family farm corporation, an aggregate net worth
15 of all shareholders, including the value of each shareholder's
16 share in the family farm corporation, and each shareholder's
17 spouse and minor children of less than ~~four~~ six hundred
18 thousand dollars. However, the aggregate net worth of each
19 shareholder and that shareholder's spouse and minor children
20 shall not exceed ~~two~~ three hundred thousand dollars.

21 d. For a family farm limited liability company, an
22 aggregate net worth of all members, including each member's
23 ownership interest in the family farm limited liability
24 company, and each member's spouse and minor children of less
25 than ~~four~~ six hundred thousand dollars. However, the
26 aggregate net worth of each member and that member's spouse
27 and minor children shall not exceed ~~two~~ three hundred thousand
28 dollars.

29 Sec. 2. EFFECTIVE DATE. This Act, being deemed of
30 immediate importance, takes effect upon enactment.

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EXPLANATION

32 This bill amends Code chapter 175 which establishes the
33 agricultural development authority and a number of programs
34 administered by the authority, including the beginning farmer
35 loan program. The purpose of the program is to assist

1 beginning farmers in acquiring agricultural land and
2 improvements and depreciable agricultural property. A
3 beginning farmer must be an individual, partnership, family
4 farm corporation, or family farm limited liability company, as
5 defined in Code section 9H.1, with a low or moderate net
6 worth, engaging in farming or wishing to engage in farming.

7 This bill amends Code section 175.2 by increasing the
8 maximum amount of a farmer's net worth in order to qualify for
9 assistance under the program. For individuals, the maximum
10 net worth requirement is increased from \$200,000 to \$300,000.
11 For nonindividuals, it is increased from \$400,000 to \$600,000.
12 The bill also increases the maximum amount of net worth of
13 each equity holder or spouse and minor children of the equity
14 holder from \$200,000 to \$300,000.

15 The bill takes effect upon enactment.

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HOUSE FILE 2099

H-8007

1 Amend House File 2099 as follows:

2 1. Page 1, line 1, by striking the words and
3 figures "subsection 12, Code 1999, is" and inserting
4 the following: "subsections 6 and 12, Code 1999,
5 are".

6 2. Page 1, by inserting after line 2, the
7 following:

8 "6. "Beginning farmer" means an individual,
9 partnership, family farm corporation, or family farm
10 limited liability company, as defined in section 9H.1,
11 with that meets all of the following requirements:

12 a. Has a low or moderate net worth that and
13 engages in farming or wishes to engage in farming.

14 b. Does not claim a property tax exemption for
15 pollution-control or recycling property in accordance
16 with section 175.12."

17 3. Page 1, by inserting after line 28, the
18 following:

19 "Sec. ____ . Section 175.12, Code 1999, is amended
20 by adding the following new subsection:

21 NEW SUBSECTION. 6. A person participating in the
22 program by receiving a loan under this section shall
23 not claim an exemption for pollution-control or
24 recycling property as provided in section 427.1 for
25 the period of the loan.

26 Sec. ____ . Section 427.1, subsection 19, unnumbered
27 paragraph 4, Code Supplement 1999, is amended to read
28 as follows:

29 Application for this exemption shall be filed with
30 the assessing authority not later than the first of
31 February of the first year for which the exemption is
32 requested, on forms provided by the department of
33 revenue and finance. The application shall describe
34 and locate the specific pollution-control or recycling
35 property to be exempted. The applicant must certify
36 that the applicant is not participating in the
37 beginning farmer loan program as provided in section
38 175.12."

39 4. By renumbering as necessary.

By FREVERT of Palo Alto

H-8007 FILED FEBRUARY 2, 2000

at/100 Not Sermon
Motion to Suspend Rules - Lost
(p. 226)

HOUSE FILE 2099

AN ACT
AFFECTING ELIGIBILITY FOR THE BEGINNING FARMER LOAN PROGRAM,
AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 175.2, subsection 12, Code 1999, is amended to read as follows:

12. "Low or moderate net worth" means:

a. For an individual, an aggregate net worth of the individual and the individual's spouse and minor children of less than two three hundred thousand dollars.

b. For a partnership, an aggregate net worth of all partners, including each partner's net capital in the partnership, and each partner's spouse and minor children of less than four six hundred thousand dollars. However, the aggregate net worth of each partner and that partner's spouse and minor children shall not exceed two three hundred thousand dollars.

c. For a family farm corporation, an aggregate net worth of all shareholders, including the value of each shareholder's share in the family farm corporation, and each shareholder's spouse and minor children of less than four six hundred thousand dollars. However, the aggregate net worth of each shareholder and that shareholder's spouse and minor children shall not exceed two three hundred thousand dollars.

d. For a family farm limited liability company, an aggregate net worth of all members, including each member's ownership interest in the family farm limited liability company, and each member's spouse and minor children of less than four six hundred thousand dollars. However, the aggregate net worth of each member and that member's spouse and minor children shall not exceed two three hundred thousand

dollars.

Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2099, Seventy-eighth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved 3/29/, 2000

THOMAS J. VILSACK
Governor