

MAR 3 1999

ECONOMIC DEVELOPMENT

HOUSE FILE

484

BY TEIG

WITHDRAWN

3-25-99 (P.868)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act amending provisions in the "Iowa Agricultural Industry
2 Finance Act".

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

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HF 484

1 Section 1. Section 15E.202, subsection 14, paragraph a,
2 Code 1999, is amended to read as follows:

3 a. ~~Agricultural-producers-involving Acquiring~~
4 constructing, or expanding in a new facility or acquiring or
5 expanding an existing facility in this state which is used to
6 process agricultural commodities produced in this state, if
7 the purpose of the enterprise is to accomplish all of the
8 following:

9 Sec. 2. Section 15E.202, subsection 14, paragraph a,
10 subparagraph (3), Code 1999, is amended to read as follows:

11 (3) Providing for a substantial equitable-ownership
12 interest-in-the-enterprise-by benefit to Iowa agricultural
13 producers.

14 Sec. 3. Section 15E.205, subsection 1, paragraph a, Code
15 1999, is amended to read as follows:

16 a. At Agricultural producers shall hold at least fifty-one
17 percent of the corporation's common stock must-be-held-by
18 agricultural-producers:--At and at least fifty-one percent of
19 the corporation's voting stock must-be-held-by-agricultural
20 producers in a manner and at times as provided in the
21 corporation's articles of incorporation and bylaws.

22 Sec. 4. Section 15E.208, subsection 5, paragraph d,
23 subparagraph (5), Code 1999, is amended to read as follows:

24 (5) The execution of an agreement between the corporation
25 and an eligible recipient as required by the department as a
26 condition of providing financing, in which the eligible
27 recipient agrees to become a shareholder in the corporation.
28 if-the The corporation shall establish a plan and procedures
29 to allow eligible recipient-is-an recipients who are
30 agricultural producer producers as provided in section
31 15E.209;--the-agreement-shall-not-be-executed-unless-the
32 agricultural-producer-holds to acquire voting common stock in
33 the corporation equal-to-at-least-five-percent-of-the
34 financing-provided-to-the-agricultural-producer-pursuant-to
35 the-agreement. The-agreement-shall-be-for-a-period-of-not

1 ~~less-than-ten-years~~: An agreement shall at least provide all
2 of the following:

3 EXPLANATION

4 This bill amends provisions in the "Iowa Agricultural
5 Industry Finance Act" as enacted by the Seventy-seventh
6 General Assembly in 1998. As provided in the Act, an entity
7 incorporated under Code chapter 490 is an Iowa agricultural
8 finance corporation if it complies with certain requirements.
9 The Act provides that the department of economic development
10 may award an Iowa agricultural industry finance loan to an
11 Iowa agricultural industry finance corporation that is
12 repayable in 25 years.

13 The Act provides that an Iowa agricultural industry finance
14 corporation may only provide financing to an eligible person
15 who must be an agricultural producer participating in an Iowa
16 agricultural industry venture or an agricultural products
17 processor which participates as part of an Iowa agricultural
18 industry venture. The bill eliminates a requirement that
19 provides that agricultural producers must have a substantial
20 equitable ownership interest in the venture.

21 The Act provides that at least 51 percent of the
22 corporation's common stock must be held by agricultural
23 producers and at least 51 percent of the corporation's voting
24 stock must be held by agricultural producers. This bill
25 provides that the 51 percent rule applies in a manner and at
26 times determined by the corporation.

27 The Act provides requirements for a corporation extending
28 financing to agricultural producers and to agricultural
29 products processors as part of an Iowa agricultural industry
30 venture involving the construction, expansion, or acquisition
31 of an agricultural products processing facility. In order to
32 receive financing, an eligible recipient must enter into an
33 agreement with the corporation. If the eligible recipient is
34 an agricultural producer, the agreement must provide that the
35 agricultural producer hold voting stock equal to at least 5

1 percent of the financing provided to the agricultural producer
2 pursuant to the agreement. This bill eliminates the 5 percent
3 rule and provides that the corporation must provide a plan and
4 procedures to acquire voting stock in the corporation.

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