

MAR 12 1999

Place On Calendar

5-25/99 Small Business Econ. Rev.
Des. & Tourism
5-4/1/99 Do Pass

676

HOUSE FILE
BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(SUCCESSOR TO HF 484)

Passed House, Date 3/25/99 (p. 867) Passed Senate, Date 4/13/99 (p. 1093)
Vote: Ayes 84 Nays 12 Vote: Ayes 49 Nays 0
Approved April 26, 1999

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 676

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

3 a. At Agricultural producers must hold at least fifty-one
4 percent of the corporation's common stock must-be-held-by
5 agricultural-producers--At and at least fifty-one percent of
6 the corporation's voting stock must-be-held-by-agricultural
7 producers. The status of an agricultural producer shall be
8 determined at the time of the transfer of stock from the
9 corporation to the shareholder in a manner and as provided in
10 the corporation's articles of incorporation or bylaws.

11 Sec. 2. Section 15E.208, subsection 5, paragraph d,
12 subparagraph (5), unnumbered paragraph 1, Code 1999, is
13 amended to read as follows:

14 The execution of an agreement between the corporation and
15 an eligible recipient as required by the department as a
16 condition of providing financing, in which the eligible
17 recipient agrees to become a shareholder in the corporation.
18 If the eligible recipient is an agricultural producer as
19 provided in section 15E.209, the agreement shall ~~not-be~~
20 executed-unless-the-agricultural-producer-holds provide that
21 the agricultural producer becomes a shareholder of voting
22 common stock in the corporation equal to at least five percent
23 of the financing provided to the agricultural producer
24 pursuant to the agreement. The agreement shall be for a
25 period of not less than ten years. An agreement shall at
26 least provide all of the following:

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EXPLANATION

28 This bill amends provisions in the "Iowa Agricultural
29 Industry Finance Act" as enacted by the Seventy-seventh
30 General Assembly in 1998. As provided in the Act, an entity
31 incorporated under Code chapter 490 is an Iowa agricultural
32 industry finance corporation if it complies with certain
33 requirements. The Act provides that the department of
34 economic development may award an Iowa agricultural industry
35 finance loan to an Iowa agricultural industry finance

1 corporation that is repayable in 25 years.

2 Currently, a corporation is an Iowa agricultural industry
3 finance corporation if at least 51 percent of the
4 corporation's common stock and voting stock is held by
5 agricultural producers. The bill provides that the status of
6 an agricultural producer is determined at the time of the
7 transfer of stock from the corporation to the shareholder in a
8 manner and as provided in the corporation's articles of
9 incorporation or bylaws.

10 Currently, an Iowa agricultural industry finance
11 corporation must execute an agreement with an eligible
12 recipient as a condition of providing financing. The eligible
13 recipient must agree to become a shareholder in the
14 corporation. If the eligible recipient is an agricultural
15 producer, the agreement cannot be executed unless the
16 agricultural producer holds voting common stock in the
17 corporation equal to at least 5 percent of the financing
18 provided to the agricultural producer pursuant to the
19 agreement. The bill provides that the agreement must provide
20 that the agricultural producer becomes a shareholder of the
21 voting common stock in the corporation. The bill does not
22 otherwise change the 5 percent requirement.

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AN ACT

AMENDING PROVISIONS IN THE "IOWA AGRICULTURAL INDUSTRY FINANCE ACT".

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

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

a. At Agricultural producers must hold at least fifty-one percent of the corporation's common stock ~~must be held by agricultural producers~~ ~~---At and at least fifty-one percent of the corporation's voting stock must be held by agricultural producers.~~ The status of an agricultural producer shall be determined at the time of the transfer of stock from the corporation to the shareholder in a manner and as provided in the corporation's articles of incorporation or bylaws.

Sec. 2. Section 15E.208, subsection 5, paragraph d, subparagraph (5), unnumbered paragraph 1, Code 1999, is amended to read as follows:

The execution of an agreement between the corporation and an eligible recipient as required by the department as a condition of providing financing, in which the eligible recipient agrees to become a shareholder in the corporation. If the eligible recipient is an agricultural producer as provided in section 15E.209, the agreement shall ~~not be executed unless the agricultural producer holds~~ provide that the agricultural producer becomes a shareholder of voting common stock in the corporation equal to at least five percent of the financing provided to the agricultural producer pursuant to the agreement. The agreement shall be for a

period of not less than ten years. An agreement shall at least provide all of the following:

RON J. CORBETT
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 676, Seventy-eighth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved April 26, 1999

THOMAS J. VILSACK
Governor