

House File 779

Bill Text

PAG LIN

1 1

1 2

HOUSE FILE 779

1 3

1 4

AN ACT

1 5 PROVIDING FOR ECONOMIC DEVELOPMENT PROGRAMS, INCLUDING

1 6 LINKED INVESTMENT LOAN PROGRAMS, AND PROVIDING AN

1 7 EFFECTIVE DATE.

1 8

1 9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 10

1 11 Section 1. Section [12.32](#), Code 1999, is amended by adding
1 12 the following new subsection:

1 13 NEW SUBSECTION. 4. "Qualified linked investment" means a
1 14 linked investment in which a certificate of deposit is placed
1 15 by the treasurer of state with an eligible lending institution
1 16 under the traditional livestock producers linked investment
1 17 program established under section 12.43A.

1 18 Sec. 2. Section [12.34](#), Code 1999, is amended to read as
1 19 follows:

1 20 12.34 LINKED INVESTMENTS LIMITATIONS RULES

1 21 MATURITY AND RENEWAL OF CERTIFICATES.

1 22 1. The treasurer of state may invest up to the lesser of

1 23

~~—sixty eight~~

~~— one hundred eight million dollars or ten percent~~

1 24 of the balance of the state pooled money fund in certificates

1 25 of deposit in eligible lending institutions

~~—pursuant to~~

~~— as~~

1 26 provided in this division. The moneys invested pursuant to

1 27 this section shall be used as follows:

1 28 a. The treasurer of state may invest up to sixty-eight
1 29 million dollars to support programs provided in this division
1 30 other than the traditional livestock producers linked
1 31 investment loan program as provided in section 12.43A and the
1 32 value-added agricultural linked investment loan program as
1 33 provided in section 12.43B.

1 34 b. The treasurer of state shall invest the remaining
1 35 amount as follows:

2 1 (1) At least twenty million dollars shall be invested in
2 2 order to support the traditional livestock producers linked
2 3 investment loan program as provided in section 12.43A.

2 4 (2) At least twenty million dollars shall be invested in
2 5 order to support the value-added agricultural linked
2 6 investment loan program as provided in section 12.43B.

2 7 2. a. The treasurer of state shall adopt rules pursuant
2 8 to chapter 17A to administer this division.

2 9 b. The treasurer of state in cooperation with the board of
2 10 directors of the agricultural development authority as
2 11 established in section 175.3 shall adopt rules for the
2 12 administration of the traditional livestock producers linked
2 13 investment loan program as provided in section 12.43A. The
2 14 treasurer of state in cooperation with the agricultural
2 15 products advisory council established in section 15.203 shall

2 16 adopt rules for the administration of the value-added
2 17 agricultural linked investment loan program as provided in
2 18 section 15.204.
2 19 3.

~~Certificates~~

- A certificate of deposit, which is placed
2 20 by the treasurer of state with an eligible lending institution
2 21 on or after July 1, 1996,

~~pursuant to this division~~

- may be
2 22 renewed at the option of the treasurer. The following shall
2 23 apply to the certificate of deposit:
2 24 a.

~~The~~

- For a linked investment other than a qualified
2 25 linked investment, the initial certificate of deposit for a
2 26 given borrower shall have a maturity of one year.

~~and~~

- The
2 27 certificate of deposit may be renewed

~~for eight additional~~

-
2 28

~~one year periods~~

- on an annual basis for a total term not to

2 29 exceed five years.

2 30 b. For a qualified linked investment, the initial
2 31 certificate of deposit for a given borrower shall have a
2 32 maturity of one year. The certificate of deposit may be
2 33 renewed on an annual basis for a total term not to exceed
2 34 three years.

2 35 Sec. 3. Section [12.41](#), Code 1999, is amended by adding the
3 1 following new subsection:

3 2 NEW SUBSECTION. 1A. The gross income earned by the
3 3 borrower's business of producing, processing, or marketing
3 4 horticultural or nontraditional crops is not more than three
3 5 hundred thousand dollars for the borrower's last tax year.

3 6 Sec. 4. NEW SECTION. 12.43A TRADITIONAL LIVESTOCK
3 7 PRODUCER'S LINKED INVESTMENT LOAN PROGRAM.

3 8 1. As used in this section, unless the context otherwise
3 9 requires:

3 10 a. "Farm operation" means the same as defined in section
3 11 352.2.

3 12 b. "Livestock" means cattle or swine.

3 13 c. "Livestock operation" means an animal feeding operation
3 14 as defined in section 455B.161 in which livestock is provided
3 15 care and feeding, or any other area which is used for raising
3 16 crops or other vegetation and upon which livestock is fed or
3 17 allowed to graze.

3 18 d. "Traditional livestock producer" means a person who is
3 19 the owner and operator of livestock subject to care and
3 20 feeding at a livestock operation in which the person holds a
3 21 legal interest. The person may own the livestock or own the
3 22 livestock jointly with another person. As the owner operator,
3 23 the person must make daily management decisions and perform
3 24 physical work which significantly contributes to the care and
3 25 feeding of the livestock.

3 26 2. The treasurer of state shall adopt rules as provided in
3 27 section 12.34 to implement a traditional livestock producers
3 28 linked investment loan program. The purpose of the program is
3 29 to increase the availability of lower cost loans to

3 30 traditional livestock producers.

3 31 3. In order to qualify for a loan in accordance with an
3 32 investment agreement under this division, all of the following
3 33 requirements must be satisfied:

3 34 a. In order to be an eligible borrower, all of the
3 35 following must apply:

4 1 (1) The borrower must be a traditional livestock producer.

4 2 (2) The borrower must be a resident of this state who is
4 3 at least eighteen years of age.

4 4 (3) The borrower must not be any of the following:

4 5 (a) A party to a pending legal or administrative action,
4 6 including a contested case proceeding under chapter 17A,
4 7 relating to an alleged violation involving an animal feeding
4 8 operation as regulated by the department of natural resources,
4 9 regardless of whether the pending action is brought by the
4 10 department or the attorney general.

4 11 (b) Classified as a habitual violator for a violation of
4 12 state law involving an animal feeding operation as regulated
4 13 by the department of natural resources.

4 14 b. The livestock operation must be located in this state.

4 15 c. The gross income earned by the borrower's farm
4 16 operation must be more than fifty thousand dollars but not
4 17 more than three hundred thousand dollars for the borrower's
4 18 last tax year.

4 19 d. At least fifty percent of the gross income earned by
4 20 the borrower's farm operation during the last tax year must
4 21 derive from livestock owned and sold by the borrower.

4 22 4. An investment agreement shall not be for a loan of more
4 23 than one hundred thousand dollars.

4 24 5. A borrower is not eligible to receive a loan as part of
4 25 a linked investment loan package under this program, if the
4 26 borrower has received three loans pursuant to a linked
4 27 investment loan package under this program approved by the
4 28 treasurer of state within the last ten years. For purposes of
4 29 this subsection, a loan provided as part of a renewed
4 30 certificate of deposit shall be deemed to be a new loan.

4 31 Sec. 5. NEW SECTION. 12.43B VALUE-ADDED AGRICULTURAL
4 32 LINKED INVESTMENT LOAN PROGRAM.

4 33 1. The treasurer of state shall establish and administer,
4 34 and adopt rules as necessary to establish and administer, a
4 35 value-added agricultural linked investment loan program. The
5 1 purpose of the program is to provide capital in the form of
5 2 low-interest loans in order to do any of the following:

5 3 a. Stimulate existing businesses or encourage the
5 4 establishment of new businesses that add value through the
5 5 processing of agricultural commodities.

5 6 b. Encourage the production of agricultural commodities,
5 7 if a shortage in production exists.

5 8 2. A borrower shall be eligible to participate in the
5 9 value-added agricultural linked investment loan program, to
5 10 the extent that the borrower meets eligibility requirements
5 11 established by the treasurer of state as provided in section
5 12 12.34.

5 13 3. A borrower shall not receive a loan of more than two
5 14 hundred fifty thousand dollars under this program.

5 15 Sec. 6. NEW SECTION. 15.204 VALUE-ADDED AGRICULTURAL
5 16 LINKED INVESTMENT LOAN PROGRAM.

5 17 The agricultural products advisory council established in
5 18 section 15.203, in cooperation with the department of economic
5 19 development and the department of agriculture and land
5 20 stewardship, shall recommend to the treasurer of state
5 21 eligibility requirements for borrowers to participate in the
5 22 value-added agricultural linked investment loan program
5 23 established in section 12.43B. The treasurer of state shall
5 24 establish the eligibility requirements by rule adopted
5 25 pursuant to section 12.34.

5 26 Sec. 7. CURRENT INVESTMENT AGREEMENTS. The treasurer of

5 27 state shall not renew a certificate of deposit in an eligible
5 28 lending institution, if the total term for the certificate of
5 29 deposit exceeds the requirements of section 12.34, subsection
5 30 3, as amended by this Act. However, nothing in this Act shall
5 31 affect the terms or conditions of an investment agreement
5 32 executed by the treasurer of state with an eligible lending
5 33 institution that is in effect on the effective date of this
5 34 Act.

5 35 Sec. 8. AGENCY REVIEW OF LINKED INVESTMENT FOR TOMORROW
6 1 ACT PROGRAMS.

6 2 1. The department of economic development and the
6 3 department of agriculture and land stewardship shall include a
6 4 review of the linked investments for tomorrow Act.

6 5 a. The department of economic development shall conduct a
6 6 review of the rural small business transfer linked investment
6 7 loan program as provided in section 12.40, the focused small
6 8 business linked investments program as provided in section
6 9 12.43, and the value-added agricultural linked investment loan
6 10 program as provided in section 12.43B.

6 11 b. The department of agriculture and land stewardship
6 12 shall conduct a review of the horticultural and nontraditional
6 13 crops linked investment loan program as provided in section
6 14 12.41, and the traditional livestock producers linked
6 15 investment loan program as provided in section 12.43A.

6 16 2. In conducting the reviews, each department shall
6 17 investigate the economic conditions that could justify the
6 18 program under review and the need for the continuation or
6 19 modification of the program. The departments shall jointly
6 20 review the allocation of moneys to the programs.

6 21 3. The departments shall submit a combined report to the
6 22 department of management which shall forward the report to the
6 23 treasurer of state and to the general assembly on or before
6 24 February 1, 2000. The report shall include findings and any
6 25 recommendations. The report shall include a recommendation
6 26 regarding the allocation of moneys to the programs.

6 27 Sec. 9. EFFECTIVE DATE. This Act, being deemed of
6 28 immediate importance, takes effect upon enactment.

6 29
6 30

6 31
6 32
6 33
6 34
6 35

BRENT SIEGRIST
Speaker of the House

7 1
7 2
7 3
7 4

MARY E. KRAMER
President of the Senate

7 5 I hereby certify that this bill originated in the House and
7 6 is known as House File 779, Seventy-eighth General Assembly.

7 7
7 8

7 9
7 10
7 11

ELIZABETH ISAACSON
Chief Clerk of the House

7 12 Approved _____, 1999

7 13
7 14

7 15

THOMAS J. VILSACK
Governor