

FILED MAR 2 1999

SENATE FILE 269
BY REHBERG, FRAISE, KIBBIE,
and JENSEN

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

A BILL FOR

1 An Act relating to emergency programs to support livestock
2 producers, providing appropriations, and providing an
3 effective date.

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

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SF 269 AGRICULTURE

1 Section 1. NEW SECTION. 175A.1 PURPOSE.

2 The purpose of this chapter is to assist this state's
3 livestock producers during periods of severe financial
4 hardship that threaten the economic viability of this state's
5 livestock producers.

6 Sec. 2. NEW SECTION. 175A.2 DEFINITIONS.

7 As used in this section, unless the context otherwise
8 requires:

9 1. "Authority" means the agricultural development
10 authority established in section 175.3.

11 2. "Cash flow requirement" means the availability of money
12 adequate to provide for obligations that become due during the
13 term of a loan for expenses related to livestock production.

14 3. "Family farm entity" means the same as defined in
15 section 10.1.

16 4. "Farm service agency" means the farm service agency of
17 the United States department of agriculture.

18 5. "Farming" means the same as defined in section 175.2.

19 6. "Livestock" means cattle or swine.

20 7. "Livestock operation" means a farm or animal feeding
21 operation as defined in section 455B.161 where livestock are
22 produced.

23 8. "Livestock producer" means a person engaged in
24 producing livestock.

25 9. "Produce" means to breed, raise, or feed, and care for
26 livestock.

27 10. "Program" means a livestock economic emergency program
28 as provided in this chapter.

29 11. "Qualified lending institution" means a bank, credit
30 union, or savings and loan as defined in section 12C.1.

31 12. "State assistance" means to grant a qualified lending
32 institution an amount foregone by the qualified lending
33 institution for reducing the interest rate on a loan as
34 provided in this chapter.

35 Sec. 3. NEW SECTION. 175A.3 GENERAL.

1 1. The agricultural development authority, in cooperation
2 with the department, shall establish and administer livestock
3 economic emergency programs as provided in this chapter to
4 provide state assistance to livestock producers during a
5 period of economic emergency.

6 2. The authority shall adopt rules as provided in chapter
7 17A necessary to establish and administer livestock economic
8 emergency programs.

9 3. A livestock producer shall apply for state assistance
10 under a program in a manner and according to procedures
11 required by the authority. The authority shall adopt rules to
12 enforce the provisions of this section or the terms of a
13 contract to which the authority is a party. The authority may
14 also enforce the provisions of this chapter or terms of a
15 contract by bringing an action in any court of competent
16 jurisdiction for injunctive relief or to recover damages.

17 Sec. 4. NEW SECTION. 175A.4 DECLARATION OF ECONOMIC
18 EMERGENCY.

19 The authority shall provide state assistance under
20 livestock economic emergency programs under this chapter, to
21 the extent that moneys are available. The authority shall
22 provide the state assistance upon a declaration of livestock
23 economic emergency issued by the secretary. The secretary
24 shall issue the declaration if the secretary determines that
25 the market price paid for livestock threatens the economic
26 viability of this state's livestock producers. The
27 determination shall be made after consulting with the
28 authority's board and agricultural economists at Iowa state
29 university of science and technology, and upon review of
30 market news reports published by the agricultural marketing
31 service of the United States department of agriculture.

32 Sec. 5. NEW SECTION. 175A.5 STATE ASSISTANCE.

33 1. The authority shall provide state assistance under a
34 livestock economic emergency program by contracting with a
35 qualified lending institution and a livestock producer to

1 reduce the interest rate charged on a loan for purposes of
2 satisfying or restructuring existing debt obligations.

3 2. As part of the contract for state assistance, the
4 authority shall agree to grant a qualified lending institution
5 an amount foregone by the qualified lending institution for
6 reducing the interest rate on a loan to the livestock producer
7 as provided in this chapter.

8 a. The authority may determine the amount that the rate is
9 reduced, by considering the qualified lending institution's
10 customary loan rate as certified to the authority by the
11 qualified lending institution.

12 b. The authority may require that a qualified lending
13 institution satisfy additional requirements in order to
14 participate in livestock economic emergency programs,
15 including by requiring the qualified lending institution to
16 partially reduce the interest rate on loans subject to the
17 contract for state assistance.

18 c. The authority shall not provide state assistance to
19 reduce the interest rate charged on a loan for more than
20 twelve months.

21 3. The authority shall not provide assistance under both
22 sections 175A.7 and 175A.8 to the same livestock producer.

23 Sec. 6. NEW SECTION. 175A.6 ELIGIBILITY.

24 1. The authority shall provide state assistance to a
25 livestock producer under a livestock economic emergency loan
26 program only if the authority determines that without such
27 state assistance the livestock producer could not reasonably
28 be expected to be able to obtain, retain, restructure, or
29 service loans or other financing.

30 2. A livestock producer is eligible to participate in a
31 livestock economic emergency program only if all the following
32 criteria are satisfied:

33 a. One of the following applies:

34 (1) The livestock producer is an individual or a
35 partnership. If the livestock producer is an individual or

1 partnership, all of the following must apply:

2 (a) The individual or all partners must be residents of
3 this state.

4 (b) The individual or all partners must be at least
5 eighteen years old.

6 (2) The livestock producer is a family farm entity
7 organized in this state.

8 b. The facilities involved in livestock production must be
9 located in this state.

10 c. The livestock producer does not produce livestock under
11 a contract with an owner of the livestock.

12 d. The gross income received by the livestock producer
13 from farming for the last completed calendar year was more
14 than fifty thousand dollars.

15 e. Fifty percent or more of the livestock producer's
16 income attributable to farming is derived from the sale of
17 livestock.

18 f. All of the following apply:

19 (1) The livestock producer is not classified as a habitual
20 violator under section 455B.191.

21 (2) The livestock producer has not committed a violation
22 of chapter 455B or of a rule adopted pursuant to chapter 455B
23 regulating animal feeding operations during the twelve-month
24 period immediately prior to the date of submission of the
25 application.

26 Sec. 7. NEW SECTION. 175A.7 LIVESTOCK ECONOMIC EMERGENCY
27 PROGRAM -- COOPERATION WITH THE FARM SERVICE AGENCY.

28 1. The authority shall cooperate with the farm service
29 agency if the farm service agency provides emergency
30 assistance to livestock producers under a program administered
31 by the farm service agency.

32 a. The authority shall provide state assistance to
33 livestock producers who apply to the farm service agency for
34 emergency assistance in order to retain, restructure, or
35 service loans or other financing.

1 b. The authority shall approve an application for state
2 assistance only if a livestock producer is provided emergency
3 assistance by the farm service agency. The authority shall
4 provide state assistance to the extent necessary to allow
5 livestock producers to qualify for emergency federal
6 assistance by enhancing the livestock producer's cash flow
7 requirement.

8 2. The authority shall grant a qualified lending
9 institution not more than two percent of the amount foregone
10 by the qualified lending institution in reducing the interest
11 rate on the loan as provided in this chapter.

12 Sec. 8. NEW SECTION. 175A.8 LIVESTOCK ECONOMIC EMERGENCY
13 PROGRAM -- INDEPENDENT PROGRAM.

14 1. The authority shall provide state assistance to
15 livestock producers under the livestock economic emergency
16 program independent of assistance provided by the farm service
17 agency as provided in section 175A.7.

18 2. The authority shall provide state assistance to
19 livestock producers who apply to the authority in order to
20 retain, restructure, or service loans or other financing.

21 a. The authority may require that the livestock producer
22 and the qualified lending institution restructure existing
23 debt.

24 b. A livestock producer must participate in a program
25 administered by the Iowa cooperative extension service in
26 agriculture and home economics at Iowa state university of
27 science and technology that provides financial management and
28 counseling services to individual farm operators as provided
29 in section 266.36.

30 3. The application shall contain financial information
31 regarding the livestock producer as required by the authority.
32 The application must include all of the following:

33 a. The livestock producer's projected cash flow
34 requirements if the application is approved.

35 b. A statement by Iowa state university certifying that

1 the livestock producer is participating in the program
2 provided in section 266.36.

3 4. The authority shall grant a qualified lending
4 institution not more than three percent of the amount foregone
5 by the qualified lending institution in reducing the interest
6 rate on the loan as provided in this chapter.

7 Sec. 9. APPROPRIATION -- DEPARTMENT OF AGRICULTURE AND
8 LAND STEWARDSHIP. There is appropriated from the general fund
9 of the state to the department of agriculture and land
10 stewardship for the fiscal year beginning July 1, 1998, and
11 ending June 30, 1999, the following amount, or so much thereof
12 as is necessary, to be used for the purpose designated:

13 For the purpose of supporting the livestock economic
14 emergency programs as provided in this Act:

15 \$ 9,000,000

16 1. The moneys appropriated pursuant to this section shall
17 be used to reduce the interest rate charged on loans for
18 purposes of satisfying or restructuring existing debt
19 obligations as provided in this Act. Of the amount
20 appropriated in this section, not more than \$2,000,000 shall
21 be used to provide emergency assistance to livestock producers
22 under a program administered in cooperation with the farm
23 service agency as provided in section 175A.7.

24 2. Notwithstanding the reversion date provisions of
25 section 8.33, unencumbered and unobligated moneys appropriated
26 pursuant to this section remaining on June 30, 1999, shall
27 remain available until the close of the following fiscal year.

28 Sec. 10. APPROPRIATION -- IOWA STATE UNIVERSITY. There is
29 appropriated from the general fund of the state to the state
30 board of regents for the fiscal year beginning July 1, 1998,
31 and ending June 30, 1999, the following amount, or so much
32 thereof as is necessary, to be used for the purpose
33 designated:

34 For the purpose of supporting a program administered by the
35 Iowa cooperative extension service in agriculture and home

1 economics at Iowa state university of science and technology
2 to provide financial management and counseling services to
3 individual farm operators as provided in section 266.36:
4 \$ 500,000

5 Notwithstanding the reversion date provisions of section
6 8.33, unencumbered and unobligated moneys appropriated
7 pursuant to this section remaining on June 30, 1999, shall
8 remain available until the close of the following fiscal year.

9 Sec. 11. APPROPRIATION -- DEPARTMENT OF JUSTICE. There
10 is appropriated from the general fund of the state to the
11 department of justice for the fiscal year beginning July 1,
12 1998, and ending June 30, 1999, the following amount, or so
13 much thereof as is necessary, to be used for the purpose
14 designated:

15 For the purpose of supporting the farm mediation service as
16 provided in section 13.13 in conducting farmer-creditor
17 mediation as provided in chapter 654A:
18 \$ 500,000

19 Notwithstanding the reversion date provisions of section
20 8.33, unencumbered and unobligated moneys appropriated
21 pursuant to this section remaining on June 30, 1999, shall
22 remain available until the close of the following fiscal year.

23 Sec. 12. EFFECTIVE DATE. This Act, being deemed of
24 immediate importance, takes effect upon enactment.

25 EXPLANATION

26 This bill creates a new Code chapter 175A for purposes of
27 assisting this state's livestock producers during periods of
28 severe financial hardship.

29 The bill requires the agricultural development authority to
30 provide state assistance to livestock producers during a
31 period of economic emergency as declared by the secretary of
32 agriculture. The bill provides that state assistance is
33 provided to qualified financial institutions, by reducing the
34 interest rate charged on loans for purposes of satisfying or
35 restructuring existing debt obligations. The bill provides

1 that the authority must provide state assistance to a
2 livestock producer under a livestock economic emergency loan
3 program only if the authority determines that without such
4 state assistance the livestock producer could not reasonably
5 be expected to be able to obtain, retain, restructure, or
6 service loans or other financing. The bill imposes a number
7 of requirements upon the producer in order to participate in a
8 program. The producer must be an individual, partnership, or
9 family farm entity (such as a family farm corporation). The
10 producer cannot produce livestock under contract with an
11 owner. The bill provides for income requirements. It
12 provides that a producer cannot be classified as a habitual
13 violator of environmental regulations or have committed an
14 environmental violation for the last 12 months.

15 The bill provides for two programs. The bill requires the
16 authority to cooperate with the farm service agency of the
17 United States department of agriculture to provide emergency
18 assistance to livestock producers under a program administered
19 by the farm service agency. The bill authorizes the authority
20 to provide interest rate buy down to allow a producer to
21 qualify for federal assistance by enhancing the livestock
22 producer's cash flow requirement.

23 The bill creates a program to assist producers
24 independently of rate buy down provided in cooperation with
25 the federal farm service agency. The bill provides that the
26 authority may provide interest rate buy down to producers who
27 apply to the authority in order to retain, restructure, or
28 service loans or other financing. The bill requires the
29 producer to participate in a program administered by the Iowa
30 cooperative extension service in agriculture and home
31 economics at Iowa state university of science and technology,
32 which provides financial management and counseling services to
33 individual farm operators.

34 The bill appropriates \$10,000,000 to the department of
35 agriculture and land stewardship, Iowa state university of

1 science and technology, and the department of justice for the
 2 current fiscal year. The appropriations support livestock
 3 economic emergency programs, financial management and
 4 counseling services to individual farm operators, and
 5 mediation between farmers and creditors.

6 The bill takes effect upon enactment.

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