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SENATE FILE 379  
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KIBBIE, JUDGE, HAMMOND,  
FRAISE, SHEARER, BOLKCOM,  
and DVORSKY

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to linked investment deposits by providing a low-  
2 interest loan program to assist persons involved in value-  
3 added agricultural processing.

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

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SF 379  
SMALL BUS., ECON. DEV. & TOUR.

1 Section 1. Section 12.32, Code 1999, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 4. "Qualified linked investment" means a  
4 linked investment in which a certificate of deposit is placed  
5 by the treasurer of state with an eligible lending institution  
6 under the value-added agricultural linked investment program  
7 established under section 12.42.

8 Sec. 2. Section 12.34, Code 1999, is amended to read as  
9 follows:

10 12.34 LINKED INVESTMENTS -- LIMITATIONS -- RULES --  
11 MATURITY AND RENEWAL OF CERTIFICATES.

12 1. The treasurer of state may invest up to the lesser of  
13 ~~sixty-eight~~ one hundred eight million dollars or ten percent  
14 of the balance of the state pooled money fund in certificates  
15 of deposit in eligible lending institutions pursuant to this  
16 division. The treasurer of state shall allocate forty million  
17 dollars of the amount authorized for investment under this  
18 subsection for purposes of supporting the value-added  
19 agricultural linked investment program established in section  
20 12.42. The treasurer of state shall provide for the security  
21 of the deposits made to eligible lending institutions as  
22 provided in chapter 12C.

23 2. The treasurer of state shall adopt rules pursuant to  
24 chapter 17A to administer this division.

25 3. The following shall apply to a certificate of deposit,  
26 which is placed with an eligible lending institution by the  
27 treasurer of state pursuant to this division:

28 a. Certificates A certificate of deposit, which is not  
29 part of a qualified linked investment, placed by the treasurer  
30 of state with an eligible lending institution on or after July  
31 1, 1996, pursuant-to-this-division may be renewed at the  
32 option of the treasurer. The initial certificate of deposit  
33 for a given borrower shall have a maturity of one year and may  
34 be renewed for eight additional one-year periods.

35 b. A certificate of deposit which is part of a qualified

1 linked investment placed by the treasurer of state with an  
2 eligible lending institution shall have a maturity of up to  
3 eighteen months. The certificate of deposit may be renewed at  
4 the option of the treasurer on an annual basis for a total  
5 term not to exceed nine years.

6 Sec. 3. NEW SECTION. 12.42 VALUE-ADDED AGRICULTURAL  
7 LINKED INVESTMENT PROGRAM.

8 1. The treasurer of state shall establish and administer,  
9 and adopt rules as necessary to establish and administer, a  
10 value-added agricultural linked investment program. The  
11 purpose of the program is to provide capital in the form of  
12 low-interest loans in order to do any of the following:

13 a. Stimulate existing businesses or encourage the  
14 establishment of new businesses that add value through the  
15 processing of agricultural commodities.

16 b. Encourage the production of agricultural commodities,  
17 if a shortage in production exists.

18 2. A borrower shall be eligible to participate in the  
19 value-added agricultural linked investment program, to the  
20 extent that the borrower meets eligibility requirements  
21 established by the treasurer of state.

22 3. A borrower shall not receive a loan of more than five  
23 hundred thousand dollars under this program.

24 Sec. 4. NEW SECTION. 15.204 VALUE-ADDED AGRICULTURAL  
25 LINKED INVESTMENT PROGRAM.

26 The agricultural products advisory council established in  
27 section 15.203, in cooperation with the department of economic  
28 development, shall recommend to the treasurer of state  
29 eligibility requirements for borrowers to participate in the  
30 value-added agricultural linked investment program established  
31 in section 12.42. The treasurer of state shall establish the  
32 eligibility requirements by rule adopted pursuant to chapter  
33 17A.

34 EXPLANATION

35 This bill amends the "Linked Investments for Tomorrow Act",

1 by providing for qualified linked investments in which the  
2 treasurer of state places a certificate of deposit with an  
3 eligible lending institution at a certain interest rate on the  
4 condition that the institution agrees to lend the value of the  
5 deposit to an eligible borrower at a special rate. The moneys  
6 must be used to support a value-added agricultural linked  
7 investment program administered by the treasurer of state.

8 The purpose of the program is to provide capital in the  
9 form of low-interest loans in order to stimulate existing or  
10 to encourage new businesses that add value through the  
11 processing of agricultural commodities and to encourage the  
12 production of agricultural commodities, if there is a shortage  
13 in production.

14 The agricultural products advisory council, in cooperation  
15 with the department of economic development, is required to  
16 recommend program eligibility requirements to the treasurer of  
17 state.

18 The bill increases the amount of moneys that the treasurer  
19 of state may invest in the linked investment program from \$68  
20 million to \$108 million. The treasurer of state is prohibited  
21 from depositing more than 10 percent of the balance of the  
22 state pooled money fund in certificates of deposit in eligible  
23 lending institutions pursuant to this division of Code chapter  
24 12.

25 The bill provides that the treasurer of state must allocate  
26 \$40 million for purposes of supporting the value-added  
27 agricultural linked investment program. A borrower is not  
28 eligible to receive more than \$500,000 in program assistance.  
29 The bill provides that an initial certificate of deposit which  
30 is part of a qualified linked investment placed with an  
31 eligible lending institution has a maturity of up to 18  
32 months. It may be renewed at the option of the treasurer of  
33 state each year for nine years.

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