

# Senate Study Bill 1097

## Bill Text

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1 1 Section 1. Section [12C.6A](#), subsection 4, paragraph g, Code  
1 2 1999, is amended to read as follows:

1 3 g. Participation in local community and rural development  
1 4 and redevelopment projects, and in state and federal business  
1 5 and economic development programs, including investment in an  
1 6 Iowa agricultural industry finance corporation formed under  
1 7 the Iowa agricultural industry finance Act pursuant to chapter  
1 8 15E.

1 9 Sec. 2. Section [515.35](#), subsection 4, Code 1999, is  
1 10 amended by adding the following new paragraph and relettering  
1 11 subsequent paragraphs:

1 12 NEW PARAGRAPH. n. IOWA AGRICULTURAL INDUSTRY FINANCE  
1 13 CORPORATIONS. A company organized under this chapter may  
1 14 invest in an Iowa agricultural industry finance corporation by  
1 15 holding the shares or equity interests in or the corporate  
1 16 debt of an Iowa agricultural industry finance corporation. A  
1 17 company's investment in an Iowa agricultural industry finance  
1 18 corporation shall not be subject to the five percent aggregate  
1 19 investment limitation on below investment grade bonds as  
1 20 otherwise required in this subsection. However, a company  
1 21 shall not invest more than five percent of its capital and  
1 22 surplus in any number of Iowa agricultural industry finance  
1 23 corporations. For purposes of this paragraph, the bond of an  
1 24 Iowa agricultural industry finance corporation or the shares  
1 25 or equity interest of an Iowa agricultural industry finance  
1 26 corporation shall be valued as provided in subsection 1.

1 27 EXPLANATION

1 28 In 1998, the general assembly enacted Senate File 2415  
1 29 (1998 Iowa Acts, ch. 1207) which allowed the formation of  
1 30 agricultural industry finance corporations for the purpose of  
1 31 encouraging local agricultural producer-led ventures to expand  
1 32 production and processing of high value agricultural products.  
1 33 This bill amends provisions relating to investments made by  
1 34 banks and certain insurance companies.

1 35 Code section 12C.6A requires that public funds of the state  
2 1 be deposited in a financial institution which demonstrates a  
2 2 commitment to serve the needs of the local community in which  
2 3 it is chartered to do business. This required commitment may  
2 4 be demonstrated by participation in local community and rural  
2 5 development and redevelopment projects, and in state and  
2 6 federal business and economic development programs. This bill  
2 7 provides that the bank's participation may include investment  
2 8 in an Iowa agricultural industry finance corporation.

2 9 Code section 515.35 limits the types of investments that  
2 10 property and casualty insurance companies may hold. The bill  
2 11 provides that such an insurance company may invest in an Iowa  
2 12 agricultural industry finance corporation by holding shares or  
2 13 equity interests in or the corporate debt of the corporation.  
2 14 The bill does not restrict a company from investing in below  
2 15 investment grade bonds. The bill provides that a company  
2 16 cannot invest more than 5 percent of its capital and surplus  
2 17 in any number of Iowa agricultural industry finance  
2 18 corporations.

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