

FEB 28 2003  
Agriculture

HOUSE FILE 358  
BY COMMITTEE ON GOVERNMENT OVERSIGHT

(SUCCESSOR TO HSB 169)

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

**A BILL FOR**

1 An Act relating to life science enterprises by providing for  
2 financing.

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

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24

HF 358

1 Section 1. Section 10C.3, unnumbered paragraph 1, Code  
2 2003, is amended to read as follows:

3 Notwithstanding any other provision of law, a life science  
4 enterprise may acquire or hold an ownership or leasehold  
5 interest in agricultural land if the economic development  
6 board approves a life science enterprise plan as provided in  
7 section 15.104. A life science enterprise must acquire or  
8 hold the agricultural land pursuant to the plan which may be  
9 amended as provided by the board. However, the life science  
10 enterprise shall not hold a total of more than three hundred  
11 twenty acres of agricultural land. The life science  
12 enterprise shall hold the land only for purposes of producing  
13 life science products according to the life science enterprise  
14 plan. ~~In addition, the life science enterprise shall not~~  
15 ~~acquire or hold agricultural land if the life science~~  
16 ~~enterprise receives any form of financing from an Iowa~~  
17 ~~agricultural industry finance corporation as provided in~~  
18 ~~chapter 15E.~~ A life science enterprise that complies with  
19 this section may hold the interest in the agricultural land,  
20 as provided in the plan, for as long as commercial sales of  
21 products produced from the agricultural land are subject to  
22 the following:

23 EXPLANATION

24 PROVISIONS OF THIS BILL. This bill removes a restriction  
25 which, according to Code section 10C.3, prohibits a life  
26 science enterprise from both holding agricultural land in this  
27 state and receiving any form of financing from an Iowa  
28 agricultural industry finance corporation.

29 BACKGROUND -- LIFE SCIENCE ENTERPRISES. Code chapter 10C  
30 provides for life science enterprises. A life science  
31 enterprise is a corporate entity that is engaged in the  
32 production of products derived from an animal, such as a dairy  
33 cow, but which is not associated with traditional agriculture  
34 (e.g., embryos or oocytes for use in implantation; blood,  
35 milk, or urine for use in the manufacture of pharmaceuticals

1 or nutraceuticals; or cells, tissue, or organs for use in  
2 transplanted). The purpose of the Code chapter is to allow  
3 a corporate entity that meets the requirements for a life  
4 science enterprise to hold up to 320 acres of agricultural  
5 land for farming, notwithstanding contrary provisions in Code  
6 chapters 9H and 9I (see 2000 Acts, chapter 1197).

7 BACKGROUND -- IOWA AGRICULTURAL INDUSTRY FINANCE  
8 CORPORATIONS. Under Division XIX of Code chapter 15E, an Iowa  
9 agricultural industry finance corporation is a private  
10 business which is recognized by the state to provide financing  
11 to eligible persons who are engaging in specific agricultural  
12 industrial ventures (an agricultural products processor or an  
13 agricultural biotechnology enterprise). There is one such  
14 corporation currently organized that has received an Iowa  
15 agricultural industry finance loan from the department of  
16 economic development. The general assembly has appropriated  
17 moneys to the department, subject to repayment, for purposes  
18 of awarding such a loan to an eligible corporation in order to  
19 finance these ventures (see 1998 Acts, chapter 1207).

20 HOUSE FILE 358

21 H-1192

- 22 1 Amend House File 358 as follows:
- 23 2 1. Page 1, by striking lines 14 through 18, and
- 24 3 inserting the following: "plan. In addition, the
- 25 4 life science enterprise shall not ~~acquire or hold~~
- 26 5 ~~agricultural land if the life science enterprise~~
- 27 6 ~~receives receive~~ any form of financing from an Iowa
- 28 7 agricultural industry finance corporation as provided
- 29 8 in chapter 15E for the purchase or lease of
- 30 9 agricultural land in this state. A life science
- 31 10 enterprise that complies with".
- 32 11 2. Page 1, by inserting after line 22 the
- 33 12 following:
- 34 13 "Sec. \_\_\_\_ . EFFECTIVE DATE. This Act, being deemed
- 35 14 of immediate importance, takes effect upon enactment."
- 15 3. Title page, line 2, by inserting after the
- 16 word "financing" the following: ", and providing an
- 17 effective date".
- 18 4. By renumbering as necessary.

By COMMITTEE ON AGRICULTURE  
DRAKE of Pottawattamie, Chair

34 H-1192 FILED MARCH 28, 2003  
35 Adopted 4/22/03

HOUSE FILE 358

H-1280

1 Amend House File 358 as follows:

2 1. Page 1, by inserting after line 22 the  
3 following:

4 "Sec. \_\_\_\_ . Section 15E.202, subsection 7, Code  
5 2003, is amended to read as follows:

6 7. "Biotechnology enterprise" means an enterprise  
7 organized under the laws of this state using  
8 biological systems or techniques for the development  
9 of specialized plant or animal characteristics for  
10 beneficial nutritional, commercial, or industrial  
11 purposes, including but not limited for the purposes  
12 of a life science enterprise as provided in section  
13 10C.2.

14 Sec. \_\_\_\_ . 15E.202, Code 2003, is amended by adding  
15 the following new subsections:

16 NEW SUBSECTION. 7A. "Biotechnological system or  
17 technique" means any scientific process, including but  
18 not limited to a transgenic process, that involves  
19 changing an organism's original genetic code or  
20 modifying enzymes in living cells to cause a specific  
21 biochemical reaction, other than by breeding or  
22 pollination. For purposes of this subsection, a life  
23 science product as provided in chapter 10C is produced  
24 using a biotechnological system or technique.

25 NEW SUBSECTION. 16A. "Processing" means turning  
26 an agricultural commodity into an agricultural  
27 processed product by physical or chemical  
28 modification, including but not limited to canning,  
29 freezing, drying, dehydrating, cooking, pressing,  
30 powdering, packaging, repacking, baking, heating,  
31 mixing, grinding, churning, separating, extracting,  
32 cutting, fermenting, eviscerating, preserving,  
33 jarring, brewing, or slaughtering.

34 Sec. \_\_\_\_ . Section 15E.209, subsection 3, Code  
35 2003, is amended to read as follows:

36 3. A An Iowa agricultural industry finance  
37 corporation shall not provide financing to support an  
38 outstanding debt or other obligation, regardless of  
39 whether the original financing was provided by a  
40 corporation.

41 4. a. An Iowa agricultural industry finance  
42 corporation that receives an Iowa agricultural  
43 industry finance loan shall invest at least fifty  
44 percent of all of its moneys to finance an Iowa  
45 agricultural industry venture involving processing.

46 b. An Iowa agricultural industry finance  
47 corporation that receives an Iowa agricultural  
48 industry finance loan shall not invest more than fifty  
49 percent of all of its moneys in a business which  
50 produces or studies the production of an article

H-1280

H-1280

Page 2

1 derived from a biotechnological system or technique.  
2 An Iowa agricultural industry finance corporation's  
3 moneys include moneys that originate from an Iowa  
4 agricultural industry finance loan or any another  
5 source. The investment referred to in paragraph "a"  
6 may be in the form of financing as provided in this  
7 section or may be the acquisition of an equity  
8 interest in a business."

By KUHN of Floyd  
FREVERT of Palo Alto  
SWAIM of Davis  
WHITAKER of Van Buren  
STEVENS of Dickinson  
DAVITT of Warren  
QUIRK of Chickasaw  
MERTZ of Kossuth  
STRUYK of Pottawattamie

H-1280 FILED APRIL 7, 2003

Lost 4/22/03

HOUSE FILE 358

H-1385

1 Amend House File 358 as follows:  
2 1. Page 1, line 11, by inserting after the word  
3 "land." the following: "A life science enterprise  
4 that receives any form of financing from an Iowa  
5 agricultural industry finance corporation as provided  
6 in chapter 15E shall file a life science security plan  
7 with the department of economic development according  
8 to procedures required by the department. However,  
9 the plan must be submitted to the department no later  
10 than ninety days after the life science enterprise's  
11 application for financial assistance has been  
12 approved. The plan shall provide for management  
13 practices which include safeguards designed to protect  
14 against threats presented by terrorism and to ensure  
15 the protection of human health, the natural  
16 environment, and agricultural products. The plan  
17 shall be approved by the department of economic  
18 development. If the department approves the plan, the  
19 department shall also submit the plan to the Iowa  
20 department of public health, the department of natural  
21 resources, the department of agriculture and land  
22 stewardship, and the emergency management division of  
23 the department of public defense for further approval.  
24 The further approvals or any disapproval by another  
25 department shall be returned to the department of  
26 economic development. Any disapproval shall include  
27 reasons for the disapproval. The life science  
28 enterprise shall resubmit a plan until the plan is  
29 approved by each of the departments."  
30 2. By renumbering as necessary.

By HOGG of Linn

H-1385 FILED APRIL 22, 2003

LOST 4/22/03

HOUSE FILE 358  
BY COMMITTEE ON GOVERNMENT OVERSIGHT

(SUCCESSOR TO HSB 169)

(As Amended and Passed by the House April 22, 2003)

Passed House, Date 4/22/03 Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to life science enterprises by providing for  
2 financing, and providing an effective date. <

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

4

5

House Amendments \_\_\_\_\_

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

1 Section 1. Section 10C.3, unnumbered paragraph 1, Code  
2 2003, is amended to read as follows:

3 Notwithstanding any other provision of law, a life science  
4 enterprise may acquire or hold an ownership or leasehold  
5 interest in agricultural land if the economic development  
6 board approves a life science enterprise plan as provided in  
7 section 15.104. A life science enterprise must acquire or  
8 hold the agricultural land pursuant to the plan which may be  
9 amended as provided by the board. However, the life science  
10 enterprise shall not hold a total of more than three hundred  
11 twenty acres of agricultural land. The life science  
12 enterprise shall hold the land only for purposes of producing  
13 life science products according to the life science enterprise  
14 plan. In addition, the life science enterprise shall not  
15 ~~acquire or hold agricultural land if the life science~~  
16 ~~enterprise receives~~ receive any form of financing from an Iowa  
17 agricultural industry finance corporation as provided in  
18 chapter 15E for the purchase or lease of agricultural land in  
19 this state. A life science enterprise that complies with this  
20 section may hold the interest in the agricultural land, as  
21 provided in the plan, for as long as commercial sales of  
22 products produced from the agricultural land are subject to  
23 the following:

24 Sec. 2. EFFECTIVE DATE. This Act, being deemed of  
25 immediate importance, takes effect upon enactment.

26  
27  
28  
29  
30  
31  
32  
33  
34  
35

ALONS  
BAUDLER  
LENSING

Sponsored By  
S<sup>r</sup> O 358

HSB169

OVERSIGHT

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
GOVERNMENT OVERSIGHT BILL  
BY CHAIRPERSON ALONS)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to life science enterprises by providing for  
2 financing, and providing an effective date.

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

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23



1 Section 1. Section 10C.3, unnumbered paragraph 1, Code  
2 2003, is amended to read as follows:

3 Notwithstanding any other provision of law, a life science  
4 enterprise may acquire or hold an ownership or leasehold  
5 interest in agricultural land if the economic development  
6 board approves a life science enterprise plan as provided in  
7 section 15.104. A life science enterprise must acquire or  
8 hold the agricultural land pursuant to the plan which may be  
9 amended as provided by the board. However, the life science  
10 enterprise shall not hold a total of more than three hundred  
11 twenty acres of agricultural land. The life science  
12 enterprise shall hold the land only for purposes of producing  
13 life science products according to the life science enterprise  
14 plan. ~~In addition, the life science enterprise shall not~~  
15 ~~acquire or hold agricultural land if the life science~~  
16 ~~enterprise receives any form of financing from an Iowa~~  
17 ~~agricultural industry finance corporation as provided in~~  
18 ~~chapter 15E.~~ A life science enterprise that complies with  
19 this section may hold the interest in the agricultural land,  
20 as provided in the plan, for as long as commercial sales of  
21 products produced from the agricultural land are subject to  
22 the following:

23 EXPLANATION

24 PROVISIONS OF THIS BILL. This bill removes a restriction  
25 which, according to Code section 10C.3, prohibits a life  
26 science enterprise from both holding agricultural land in this  
27 state and receiving any form of financing from an Iowa  
28 agricultural industry finance corporation.

29 BACKGROUND -- LIFE SCIENCE ENTERPRISES. Code chapter 10C  
30 provides for life science enterprises. A life science  
31 enterprise is a corporate entity that is engaged in the  
32 production of products derived from an animal, such as a dairy  
33 cow, but which is not associated with traditional agriculture  
34 (e.g., embryos or oocytes for use in implantation; blood,  
35 milk, or urine for use in the manufacture of pharmaceuticals

1 or nutraceuticals; or cells, tissue, or organs for use in  
2 transplantation). The purpose of the Code chapter is to allow  
3 a corporate entity that meets the requirements for a life  
4 science enterprise to hold up to 320 acres of agricultural  
5 land for farming, notwithstanding contrary provisions in Code  
6 chapters 9H and 9I (see 2000 Acts, chapter 1197).

7       BACKGROUND -- IOWA AGRICULTURAL INDUSTRY FINANCE  
8 CORPORATIONS. Under Division XIX of Code chapter 15E, an Iowa  
9 agricultural industry finance corporation is a private  
10 business which is recognized by the state to provide financing  
11 to eligible persons who are engaging in specific agricultural  
12 industrial ventures (an agricultural products processor or an  
13 agricultural biotechnology enterprise). There is one such  
14 corporation currently organized that has received an Iowa  
15 agricultural industry finance loan from the department of  
16 economic development. The general assembly has appropriated  
17 moneys to the department, subject to repayment, for purposes  
18 of awarding such a loan to an eligible corporation in order to  
19 finance these ventures (see 1998 Acts, chapter 1207).

20       EFFECTIVE DATE. The bill takes effect upon enactment.

21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35