

~~HF~~ SF 459 substituted
5/1/03

APR 30 2003
APPROPRIATIONS CALENDAR

Withdrawn 5/1/03

HOUSE FILE 699
BY COMMITTEE ON APPROPRIATIONS

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

A BILL FOR

1 An Act relating to Iowa agricultural industry finance
2 corporations, by providing for the assignment of an Iowa
3 agricultural industry finance loan, and providing an effective
4 date.

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

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1 Section 1. Section 15E.208, subsection 3, paragraph b, is
2 amended to read as follows:

3 b. The Iowa agricultural industry finance loan shall be
4 repayable upon terms and conditions negotiated by the parties.

5 (1) The repayment period shall begin six years following
6 the date when the Iowa agricultural industry finance loan is
7 awarded and end twenty-five years after the date that the
8 repayment period begins.

9 (2) At least four percent of the amount of the Iowa
10 agricultural industry finance loan due shall be paid each year
11 to the department. However, the department may accept an
12 assignment of a loan made by the corporation providing
13 financing to an eligible person pursuant to section 15E.209.
14 The assigned loan shall grant to the department the
15 corporation's right to payment under the loan. Any such
16 assignment shall be made by an agreement executed by the
17 department and the corporation. The assignment agreement
18 shall be subject to all of the following:

19 (a) The period of assignment may be for any number of
20 years. The department shall apply to the amounts due under
21 the Iowa agricultural industry finance loan the principal,
22 interest, and fees which the eligible person is obligated to
23 pay under the assigned loan. The total amount of the
24 principal, interest, and fees that the eligible person is
25 obligated to pay to the department during the period of
26 assignment plus any other repayment of the Iowa agricultural
27 industry finance loan made by the corporation to the
28 department must equal the amount of the Iowa agricultural
29 industry finance loan that the corporation would otherwise be
30 obligated to repay the department during that same period.
31 However, the agreement may provide that during any year of the
32 assignment period the eligible person may pay more or less
33 than four percent of the amount of the Iowa agricultural
34 industry finance loan that the corporation would otherwise be
35 obligated to repay during that year.

1 (b) The assignment agreement shall contain conditions
2 relating to the right of payment assigned to the department
3 which may include securing the payment obligation in any
4 manner that allows the department to enforce a debt against
5 the property of the eligible person. The department shall not
6 have a right of recourse against the corporation for any
7 amount required to be applied from the assigned loan to the
8 Iowa agricultural industry finance loan.

9 (3) The corporation shall not be subject to a prepayment
10 penalty.

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

13 EXPLANATION

14 BACKGROUND -- IOWA AGRICULTURAL INDUSTRY FINANCE
15 CORPORATIONS. Under Division XIX of Code chapter 15E, an Iowa
16 agricultural industry finance corporation (corporation) is a
17 private business which is recognized by the state to provide
18 financing to eligible persons who are engaging in specific
19 agricultural industrial ventures (an agricultural products
20 processor or an agricultural biotechnology enterprise). There
21 is one such corporation currently organized that has received
22 an Iowa agricultural industry finance loan from the department
23 of economic development. The general assembly appropriated
24 \$25,000,000 to the department of economic development, subject
25 to repayment, for purposes of awarding such a loan to an
26 eligible corporation in order to finance these ventures (see
27 1998 Acts, chapter 1207). The corporation must repay the
28 department \$1,000,000 (4 percent of the total amount of the
29 loan) each year for 25 years. The moneys are to be deposited
30 into the road use tax fund.

31 This bill provides that the department may accept an
32 assignment of a loan made by the corporation providing
33 financing to an eligible person. The period of assignment may
34 be for any number of years. The bill provides that under an
35 assignment agreement moneys paid by the eligible person to the

1 department are in lieu of the amount of moneys required to be
2 paid by the corporation to the department. The eligible
3 person does not have to pay \$1,000,000 per year but the total
4 amount paid under the agreement must equal the amount that the
5 department would have received from the corporation during
6 that same period. The bill provides that the assignment
7 agreement must contain conditions relating to the right of
8 payment assigned to the department which may include creditor
9 rights. The bill provides that the department has no right of
10 recourse against the corporation for amounts that are not
11 collected under the loan assignment.

12 The bill takes effect upon enactment.

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