

House Study Bill 169

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON HOFFMAN)

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

A BILL FOR

1 An Act providing for life science enterprises authorized to hold
2 agricultural land, making penalties applicable, and providing
3 an effective date.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1801YC 81
6 da/pj/5

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1 1 Section 1. Section 10B.4, subsection 2, paragraph g, Code
1 2 2005, is amended to read as follows:
1 3 g. If the reporting entity is a life science enterprise,
1 4 as provided in chapter 10C, as that chapter exists on or
1 5 before June 30, ~~2004~~ 2005, the total amount of commercial sale
1 6 of life science products and products other than life science
1 7 products which are produced from the agricultural land held by
1 8 the life science enterprise.
1 9 Sec. 2. Section 10C.6, subsection 1, paragraph a, Code
1 10 2005, is amended to read as follows:
1 11 a. A life science enterprise may acquire or hold
1 12 agricultural land, notwithstanding section 10C.5 ~~as that~~
1 13 ~~section exists in the 2005 Code~~, if all of the following
1 14 apply:
1 15 (1) The life science enterprise acquires the agricultural
1 16 land on or before June 30, 2008.
1 17 (2) The enterprise acquires or holds the agricultural land
1 18 pursuant to chapter 10C ~~as that chapter exists in the 2005~~
1 19 ~~Code~~.
1 20 (3) The economic development board has approved a life
1 21 science enterprise plan filed on or before June 30, ~~2004~~ 2005,
1 22 with the board. The enterprise must acquire or hold the
1 23 agricultural land pursuant to the plan which may be amended at
1 24 any time and approved by the board pursuant to section 15.104.
1 25 Sec. 3. Section 10C.6, subsection 2, unnumbered paragraph
1 26 1, Code 2005, is amended to read as follows:
1 27 A person who is a successor in interest to a life science
1 28 enterprise may acquire or hold agricultural land,
1 29 notwithstanding section 10C.5 ~~as that section exists in the~~
1 30 ~~2003 Code or 2003 Code Supplement~~, if all of the following
1 31 apply:
1 32 Sec. 4. Section 10C.6, subsection 2, paragraph a, Code
1 33 2005, is amended to read as follows:
1 34 a. The person meets the qualifications of a life science
1 35 enterprise and acquires or holds the agricultural land as
2 1 provided in chapter 10C ~~as that chapter exists in the 2003~~
2 2 ~~Code or 2003 Code Supplement~~.
2 3 Sec. 5. Section 15.104, subsection 4, unnumbered paragraph
2 4 1, Code 2005, is amended to read as follows:
2 5 Review and approve or disapprove a life science enterprise
2 6 plan or amendments to that plan as provided in chapter 10C as
2 7 that chapter exists on or before June 30, ~~2004~~ 2005, and
2 8 according to rules adopted by the board. A life science plan
2 9 shall make a reasonable effort to provide for participation by
2 10 persons who are individuals or family farm entities actively
2 11 engaged in farming as defined in section 10.1. The persons
2 12 may participate in the life science enterprise by holding an
2 13 equity position in the life science enterprise or providing
2 14 goods or service to the enterprise under contract. The plan
2 15 must be filed with the board not later than June 30, ~~2004~~
2 16 2005. The life science enterprise may file an amendment to a
2 17 plan at any time. A life science enterprise is not eligible

2 18 to file a plan, unless the life science enterprise files a
2 19 notice with the board. The notice shall be a simple statement
2 20 indicating that the life science enterprise may file a plan as
2 21 provided in this section. The notice must be filed with the
2 22 board not later than June ~~30, 2001~~ 1, 2005. The notice, plan,
2 23 or amendments shall be submitted by a life science enterprise
2 24 as provided by the board. The board shall consult with the
2 25 department of agriculture and land stewardship during its
2 26 review of a life science plan or amendments to that plan. The
2 27 plan shall include information regarding the life science
2 28 enterprise as required by rules adopted by the board,
2 29 including but not limited to all of the following:

2 30 Sec. 6. CODE EDITOR DIRECTIVE. The Code editor shall,
2 31 upon the repeal of sections 10C.1 through 10C.4, pursuant to
2 32 section 10C.5, insert in section 10C.6 references to the Code
2 33 or Code Supplement in which the most recent amendments to Code
2 34 chapter 10C or portions thereof, as applicable, were
2 35 incorporated.

3 1 Sec. 7. EFFECTIVE DATE. This Act, being deemed of
3 2 immediate importance, takes effect upon enactment.

3 3 EXPLANATION

3 4 Code chapter 9H generally prohibits corporate entities from
3 5 holding an interest in agricultural land used in farming.

3 6 Code chapter 9I also prohibits nonalien residents and foreign
3 7 governments from holding such an interest. Code chapter 10B
3 8 provides for reporting of agricultural land holdings by
3 9 corporate entities.

3 10 Code chapter 10C provides that notwithstanding any other
3 11 provision of law, a life science enterprise may hold an
3 12 interest in agricultural land for purposes of farming.
3 13 Generally, an enterprise must provide for the development of
3 14 industries unrelated to traditional farming, and be devoted to
3 15 the production of items referred to as life science products
3 16 which are derived from animals (limited to embryos or oocytes
3 17 for use in implantation; blood, milk, or urine for use in the
3 18 manufacture of pharmaceuticals or nutraceuticals; or cells,
3 19 tissue, or organs for use in transplantation).

3 20 In order to qualify as an enterprise, it must meet certain
3 21 conditions. First, it must be organized as a corporation or
3 22 limited liability company. Second, the economic development
3 23 board must approve a plan for the acquisition of the land. An
3 24 enterprise is not eligible to file a plan unless the
3 25 enterprise had filed a notice with the board by June 30, 2001.
3 26 Third, the enterprise cannot hold a total of more than 320
3 27 acres of agricultural land. Fourth, the enterprise must only
3 28 hold the land for purposes of producing life science products
3 29 according to the plan. Fifth, the enterprise cannot receive
3 30 any form of financing from an Iowa agricultural industry
3 31 finance corporation as provided in Code chapter 15E. Sixth,
3 32 the commercial sales of products produced from the
3 33 agricultural land must be limited to the sale of life science
3 34 products, cull livestock, surplus commodities produced as feed
3 35 for the livestock, and life science by-products. The
4 1 provisions authorizing an enterprise to acquire agricultural
4 2 land are repealed on July 1, 2008.

4 3 The bill extends the period during which a corporation or
4 4 limited liability company can qualify to hold agricultural
4 5 land as an enterprise by providing that it has until June 1,
4 6 2005, to file the notice with the economic development board
4 7 and June 30, 2005, to file a plan with the board.

4 8 Code section 9H.4 provides that an entity violating its
4 9 provisions is subject to a civil penalty of not more than
4 10 \$25,000 and must divest itself of any land held in violation
4 11 of the Code chapter. The Code chapter provides that a court
4 12 may grant an injunction in order to restrain violations of the
4 13 chapter's provisions. Code section 9I.11 provides that if an
4 14 entity violates its land acquisition provisions, the land
4 15 escheats to the state. An entity that fails to report as
4 16 required under Code chapter 10B is subject to a civil penalty
4 17 of \$1,000.

4 18 LSB 1801YC 81

4 19 da:nh/pj/5