

# Senate Study Bill 1105

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
AGRICULTURE BILL BY  
CO=CHAIRPERSON JOHNSON)

Passed Senate, Date \_\_\_\_\_ Passed House, 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 1801XC 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, 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 1801XC 81

4 19 da:nh/pj/5