HOUSE FILE 550 BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HSB 188)

A BILL FOR

- 1 An Act relating to the environmental impact of livestock
- 2 operations by providing for financial assistance, and making 3 an appropriation.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. <u>NEW SECTION</u>. 175.34A Livestock environmental
2 assistance revolving fund.

1. A livestock environmental assistance revolving fund 4 is created in the state treasury under the control of the 5 agricultural development authority. The fund is composed 6 of moneys appropriated by the general assembly, and moneys 7 available to and obtained or accepted by the authority from 8 the United States or private sources for placement in the 9 fund. It shall include moneys attributable to interest earned 10 on a certificate of deposit issued by an eligible lending 11 institution participating in the livestock environmental 12 assistance program as provided in section 175.34B and 13 the moneys attributable to the principal invested in the 14 certificate of deposit upon its maturity, renewal, or early 15 withdrawal.

16 2. Moneys in the fund are subject to an annual audit by the 17 auditor of state.

18 3. The fund shall be used exclusively to support the 19 livestock environmental assistance program as provided in 20 section 175.34B, and to defray expenses by the authority in 21 administering the program.

4. The authority may adopt rules pursuant to chapter 17A to23 administer this section.

5. Section 8.33 shall not apply to moneys in the fund.
Notwithstanding section 12C.7, moneys earned as income,
including as interest, from the fund shall remain in the fund
until expended as provided in this section.

28 Sec. 2. <u>NEW SECTION</u>. 175.34B Livestock environmental 29 assistance program.

30 1. As used in this section, unless the context otherwise 31 requires:

32 *a. "Eligible lending institution"* means a financial 33 institution that is empowered to make commercial loans and is 34 eligible pursuant to chapter 12C to be a depository of state 35 funds.

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b. "Livestock" means the same as in section 169C.1.
 The authority shall establish a livestock environmental
 assistance program. The authority may enter into agreements
 with eligible lending institutions that provide loans
 to livestock producers for the purposes of constructing
 structures, or installing practices, equipment, or systems
 which prevent or control the impact of a livestock operation
 on the environment.

9 3. As part of the agreement, the authority may deposit an 10 amount equaling all or part of the principal loan amount with 11 the eligible lending institution in return for a certificate 12 of deposit issued by the eligible lending institution. The 13 authority may provide for the terms and conditions of the 14 agreement offered to eligible lending institutions, including 15 but not limited to the interest rate borne by the certificate 16 of deposit at a rate which is lower than the existing 17 market rate, compliance with the terms and conditions of the 18 agreement, penalties for breach of the agreement, and the 19 renewal of a certificate of deposit.

4. Nothing in this section authorizes the authority to be a21 lender, guarantor, secured party, or servicer of a loan.

22 5. The authority shall not in any manner directly or23 indirectly pledge the credit of the state.

24 6. The authority shall adopt all rules necessary to25 administer this section.

Sec. 3. APPROPRIATION. There is appropriated from the general fund of the state to the livestock environmental assistance revolving fund created in section 175.34A for the fiscal year beginning July 1, 2011, and ending June 30, 2012, the following amount, or so much thereof as is necessary, to be lused for the purposes designated:

32 For purposes of supporting the livestock environmental 33 assistance program as provided in section 175.34B: 34 \$ 15,000,000 35 EXPLANATION

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1 This bill establishes a livestock environmental assistance 2 revolving fund and program administered by the agricultural 3 development authority. The purpose of the fund and the program 4 is to allow the authority to enter into agreements with private 5 lenders who extend commercial loans to livestock producers 6 for the purposes of constructing structures, or installing 7 practices, equipment, or systems which prevent or control the 8 impact of a livestock operation on the environment. As part 9 of the agreement, the authority deposits moneys equaling the 10 principal amount of the loan with the lending institution in 11 return for a certificate of deposit earning interest at a rate 12 lower than the market rate. The moneys from the certificate of 13 deposit are to be placed in the fund on maturity.

14 The bill appropriates \$15 million to the fund from the 15 general fund of the state. Moneys in the fund do not revert to 16 the general fund of the state and interest earned on the fund 17 remains in the fund.

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