

Senate Study Bill 3142 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON HART)

A BILL FOR

1 An Act relating to small farm operations involved in the
2 production of certain commodities that are unprocessed or
3 processed, including by establishing programs to support
4 production and marketing, and requiring government entities
5 to provide a preference for certified small farm operators
6 when purchasing food.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

SMALL FARM OPERATION PROGRAMS

Section 1. NEW SECTION. 15E.371 **Purpose.**

The purposes of this division are to encourage and promote the production and purchase of dedicated commodities and dedicated products derived locally or regionally from livestock, milk, or specialty crops produced on small farm operations in order to improve nutrition for the citizens of Iowa, and to strengthen local and regional farm economies.

Sec. 2. NEW SECTION. 15E.372 **Definitions.**

As used in this division, unless the context otherwise requires:

1. "*Dedicated commodity*" means a commodity derived from livestock or a specialty crop which is intended for human consumption in its raw state or to be processed into a dedicated product.

2. "*Dedicated product*" means a dedicated commodity that has been processed into a product for human consumption.

3. "*Livestock*" includes an animal of bovine, caprine, ovine, or porcine species; ostrich, emu, or rhea; farm deer as defined in section 170.1; or poultry.

4. "*Small farm operation*" means agricultural land as defined in section 9H.1, located in this state, consisting of a total number of acres that does not exceed thirty percent of the average farm size in the state as determined by the authority.

5. "*Small farm operator*" means a person who is the owner or lessee of a small farm operation.

6. "*Specialty crop*" means any crop associated with horticulture or floriculture, including but not limited to fruits, vegetables, or tree nuts.

Sec. 3. NEW SECTION. 15E.373 **General authority.**

1. The authority shall administer this division and adopt all rules necessary to carry out the purposes of this division as provided in section 15E.371.

2. The authority shall cooperate with the Iowa finance

1 authority and the department of agriculture and land
2 stewardship in administering this division.

3 3. The authority may employ or contract with a consultant or
4 specialist to assist in developing and implementing a plan to
5 implement this division.

6 Sec. 4. NEW SECTION. 15E.374 **Qualifications.**

7 In order to qualify to participate in a program under
8 this division, a person shall meet all of the requirements
9 established by the authority which shall include at least all
10 of the following:

11 1. Be a small farm operator. The small farm operator may
12 be an individual, a partnership under chapter 486A, a family
13 farm corporation as defined in section 9H.1, or a family farm
14 limited liability company as defined in section 9H.1.

15 2. Be a resident of this state. If the person is a
16 partnership, family farm corporation, or family farm limited
17 liability company, each partner, shareholder, or member must be
18 a resident of this state.

19 3. Have sufficient education, training, or experience
20 in farming. If the person is a partnership, family farm
21 corporation, or family farm limited liability company, each
22 partner, shareholder, or member, who is not a minor, must have
23 sufficient education, training, or experience in farming.

24 4. Materially participate in the small farm operation by
25 engaging in substantial day-to-day labor and management. If
26 the person is a partnership, family farm corporation, or family
27 farm limited liability company, each partner, shareholder, or
28 member must materially and substantively participate in the
29 small farm operation.

30 5. Have access to adequate working capital and production
31 items.

32 6. Meet the low or moderate net worth requirements
33 applicable to a beginning farmer as defined in section 16.58.

34 Sec. 5. NEW SECTION. 15E.375 **Small farm operator financial**
35 **assistance program.**

1 1. A small farm operator financial assistance program is
2 created within the authority. The purpose of the program is to
3 provide financial assistance to small farm operators for the
4 purpose of improving or expanding an existing and viable small
5 farm operation or for engaging in a cooperative processing or
6 marketing venture among several small farm operators.

7 2. The authority may provide financial assistance in the
8 form of an interest loan, low-interest loan, no-interest loan,
9 forgivable loan, grant, or a combination of these forms.

10 3. The maximum amount of financial assistance for a small
11 farm operator under the program is as follows:

12 a. For a small farm operator seeking to improve or expand an
13 existing viable small farm operation, twenty-five percent of
14 the amount of credit extended to the small farm operator by an
15 eligible lender, as defined by the authority, up to a maximum
16 of fifty thousand dollars.

17 b. For one or more small farm operators engaging in a
18 cooperative processing or marketing venture, twenty-five
19 percent of the amount of credit extended to the venture by an
20 eligible lender, as defined by the authority, up to a maximum
21 of two hundred fifty thousand dollars.

22 4. The authority shall not approve an application to
23 refinance an existing loan.

24 **Sec. 6. NEW SECTION. 15E.376 Small farm operator processing**
25 **and marketing program.**

26 1. A small farm operator processing and marketing program
27 is created within the authority. The purposes of the program
28 are to expand processing and promote new markets for dedicated
29 commodities and dedicated products produced by small farm
30 operators.

31 2. In carrying out the purposes of the program, the
32 authority shall do all of the following:

33 a. Investigate the processing and marketing of dedicated
34 commodities and dedicated products produced by small farm
35 operators and recommend efficient and economical methods of

1 processing and marketing.

2 *b.* Promote the sale, distribution, and merchandising of
3 dedicated commodities and dedicated products produced by small
4 farm operators.

5 *c.* Furnish information and assistance to the public
6 concerning the marketing of dedicated commodities and dedicated
7 products produced by small farm operators.

8 *d.* Gather and diffuse useful information concerning all
9 phases of the marketing of dedicated commodities and dedicated
10 products produced by small farm operators in cooperation
11 with other public or private agencies. The authority shall
12 cooperate with Iowa state university of science and technology
13 to avoid any unnecessary duplication of efforts.

14 *e.* Ascertain sources of supply of dedicated commodities
15 and dedicated products produced by small farm operators, and
16 prepare and publish from time to time lists of names and
17 addresses of small farm operators, processors, and marketers.

18 Sec. 7. NEW SECTION. 15E.377 **Small farm operations fund.**

19 1. A small farm operations fund is created in the state
20 treasury as a revolving fund under the control of the
21 authority. The fund shall consist of any moneys appropriated
22 by the general assembly for deposit in the fund and any other
23 moneys available to and obtained or accepted by the authority
24 from the federal government or private sources for placement
25 in the fund.

26 2. Moneys in the fund are appropriated exclusively to
27 support the programs created in this division.

28 3. Notwithstanding section 12C.7, interest or earnings
29 on moneys in the fund shall be credited to the fund.
30 Notwithstanding section 8.33, moneys credited to the fund that
31 remain unexpended or unobligated at the end of a fiscal year
32 shall not revert to any other fund.

33 Sec. 8. NEW SECTION. 15E.378 **Certification.**

34 1. Upon application, the authority shall issue an annual
35 certificate to a person eligible to participate in a program

1 under this division verifying that the person is a qualified
2 small farm operator, regardless of whether the person actually
3 participates in a program.

4 2. A person may use a certificate issued to the person
5 under this section as proof of eligibility for a benefit under
6 other programs benefiting small farm operators, including the
7 selling of dedicated commodities or dedicated products to the
8 department of administrative services pursuant to section
9 8A.315, the commission for the blind pursuant to section
10 216B.3, the board of directors of a merged area pursuant to
11 section 260C.19C, the board of regents pursuant to section
12 262.9, the state department of transportation pursuant to
13 section 307.21, and the department of corrections pursuant to
14 section 904.312.

15 Sec. 9. CODE EDITOR DIRECTIVE. The Code editor shall
16 organize the provisions of this division of this Act as a new
17 division in chapter 15E.

18 DIVISION II

19 PURCHASE BY GOVERNMENT ENTITIES

20 Sec. 10. Section 8A.315, Code 2016, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 9. When providing for the purchase of
23 food, the department, whenever cost competitive, shall purchase
24 dedicated commodities or dedicated products produced by persons
25 certified as qualified small farm operators by the economic
26 development authority pursuant to section 15E.378.

27 Sec. 11. Section 216B.3, Code 2016, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 13A. When providing for the purchase of
30 food, give a preference to purchasing dedicated commodities or
31 dedicated products produced by persons certified as qualified
32 small farm operators by the economic development authority
33 pursuant to section 15E.378.

34 Sec. 12. Section 260C.19C, Code 2016, is amended to read as
35 follows:

1 sponsor events on site or via the internet regarding best
2 methods, practices, and strategies for use by small farm
3 operators qualified to participate in programs created in
4 chapter 15E, division XXVIII, in producing and marketing
5 dedicated commodities or dedicated products.

6 2. The materials and events shall be developed in
7 cooperation with small farm operators as defined in section
8 15E.372.

9 3. The materials and events shall be made available or
10 sponsored at cost.

11

EXPLANATION

12 The inclusion of this explanation does not constitute agreement with
13 the explanation's substance by the members of the general assembly.

14 GENERAL. This bill provides assistance to a person who owns
15 or leases not more than a total number of acres that does not
16 exceed 30 percent of the average farm size in the state (small
17 farm operator). In order to receive assistance, the small farm
18 operator must comply with certain requirements. The person
19 must be in business as an individual or an equity holder in an
20 entity, including a general partnership (Code chapter 486A),
21 a family farm corporation, or a family farm limited liability
22 company (Code chapter 9H). The individual or all equity
23 holders in an entity must be Iowa residents, must demonstrate
24 sufficient education, training, or experience in farming,
25 and must materially participate in the small farm operation
26 by engaging in substantial day-to-day labor and management.
27 The small farm operation must have access to adequate working
28 capital and production items, and meet low or moderate net
29 worth requirements applicable to a beginning farmer under the
30 beginning farmer loan program (Code chapter 16).

31 ASSISTANCE PROGRAMS. The bill creates two small farm
32 operation assistance programs administered by the economic
33 development authority (authority). The first is a small farm
34 operator financial assistance program to provide financial
35 assistance to small farm operators for the improvement or

1 expansion of an existing farm operation or for engaging in
2 a cooperative processing or marketing venture among several
3 small farm operators. The assistance may be in the form of an
4 interest loan, low-interest loan, no-interest loan, forgivable
5 loan, grant, or a combination of these forms. The second is a
6 small farm operator processing and marketing program to expand
7 processing and promote new markets for dedicated commodities
8 and dedicated products produced by small farm operators. The
9 bill also creates a small farm operations fund to support the
10 programs. Finally, the bill requires the authority to certify
11 that a small farm operator is eligible to participate in a
12 program created in the bill. Such certification also requires
13 certain government entities to provide a preference to the
14 small farm operators when purchasing food.

15 PREFERENCE REQUIRED BY STATE ENTITIES PURCHASING FOOD. The
16 department of administrative services, commission for the
17 blind, merged area schools, board of regents institutions, the
18 department of transportation, and the department of corrections
19 must provide a preference to a certified small farm operator
20 when the government entity purchases food.

21 IOWA STATE UNIVERSITY. The Iowa cooperative extension
22 service in agriculture and home economics at Iowa state
23 university must develop and publish materials and sponsor
24 events to assist small farm operators in increasing
25 profitability.