

**House File 2433 - Introduced**

HOUSE FILE 2433

BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HF 2308)

**A BILL FOR**

1 An Act establishing a dairy processing and milk production  
2 innovation and revitalization fund and program to be  
3 administered by the economic development authority, in  
4 consultation with the department of agriculture and land  
5 stewardship, and creating a task force to explore the  
6 feasibility of establishing an artisanal dairy processing  
7 program at a community college or at an institution governed  
8 by the state board of regents.

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

1 Section 1. NEW SECTION. 15E.371 Dairy processing and milk  
2 production innovation and revitalization fund and program.

3 1. As used in this section unless the context otherwise  
4 requires:

5 a. "*Department*" means the department of agriculture and land  
6 stewardship.

7 b. "*Financial assistance*" means assistance provided only  
8 from the funds and assets legally available to the authority  
9 pursuant to this section and includes assistance in the form of  
10 grants, low-interest loans, and forgivable loans.

11 c. "*Fund*" means the dairy processing and milk production  
12 innovation and revitalization fund.

13 d. "*Located in*" means the place or places at which  
14 a business's operations are located and where at least  
15 ninety-eight percent of the business's employees work, or where  
16 employees that are paid at least ninety-eight percent of the  
17 business's payroll work.

18 e. "*Program*" means the dairy processing and milk production  
19 innovation and revitalization program.

20 2. a. The fund is created in the state treasury under  
21 the control of the authority and consists of any moneys  
22 appropriated to the fund by the general assembly and any  
23 other moneys available to or obtained or accepted by the  
24 authority for placement in the fund. Moneys in the fund are  
25 appropriated to the authority to award financial assistance as  
26 provided under the program. The authority shall use any moneys  
27 specifically appropriated for purposes of this section only for  
28 the purposes of the program.

29 b. Notwithstanding section 8.33, moneys in the fund  
30 that remain unencumbered or unobligated at the close of the  
31 fiscal year shall not revert but shall remain available for  
32 expenditure for the purposes designated until the close of the  
33 succeeding fiscal year.

34 3. The authority, in consultation with the department,  
35 shall establish and administer the program for the purpose of

1 awarding financial assistance to eligible businesses engaged in  
2 projects that do any of the following:

3     *a.* Expand or refurbish existing milk plants or establish a  
4 new milk plant, operating pursuant to a permit issued pursuant  
5 to section 192.111.

6     *b.* Expand or refurbish existing mobile dairy processing  
7 units, or establish new mobile dairy processing units.

8     *c.* Rent building, refrigeration facilities, freezer  
9 facilities, or equipment necessary to expand dairy processing  
10 capacity, including mobile dairy or refrigeration units used  
11 exclusively for dairy processing.

12     *d.* Incorporate methods and technologies that reduce farm  
13 labor associated with milk production and storage, including  
14 but not limited to the use of robotics and processes or systems  
15 that operate using computerized equipment or machinery.

16     4. The authority, in consultation with the department,  
17 shall establish eligibility criteria for the program by rule.  
18 The eligibility criteria must include all of the following:

19     *a.* The business must be located in this state.

20     *b.* The business must not have been subject to any regulatory  
21 enforcement action related to federal, state, or local  
22 environmental, worker safety, food processing, or food safety  
23 laws, rules, or regulations within the last five years.

24     *c.* The business must only employ individuals legally  
25 authorized to work in this state.

26     *d.* The business must not currently be in bankruptcy.

27     *e.* The business must employ less than fifty individuals.

28     5. A business seeking financial assistance under this  
29 section shall make application to the authority in the manner  
30 prescribed by the authority by rule.

31     6. Applications shall be accepted during one or more  
32 annual application periods to be determined by the authority  
33 by rule. Upon reviewing and scoring all applications that are  
34 received during an application period, and subject to funding,  
35 the authority may, in consultation with the department, award

1 financial assistance to eligible businesses. A financial  
2 assistance award shall not exceed the amount of eligible  
3 project costs included in the eligible business's application.  
4 Priority shall be given to eligible businesses whose proposed  
5 project under subsection 3 will do any of the following:

6 a. Create new dairy processing jobs.

7 b. Create or expand opportunities for local small-scale milk  
8 producers to market pasteurized milk and milk products under  
9 private labels.

10 c. Provide greater flexibility or convenience for local  
11 small-scale farmers to have milk processed.

12 d. Reduce labor associated with the on-farm production and  
13 storage of milk.

14 7. A business that is awarded financial assistance under  
15 this section may apply for financial assistance under other  
16 programs administered by the authority.

17 8. The authority may use not more than five percent of  
18 the moneys in the fund at the beginning of each fiscal year  
19 for purposes of administrative costs, marketing, technical  
20 assistance, and other program support.

21 9. The authority shall, in consultation with the  
22 department, adopt rules pursuant to chapter 17A to administer  
23 this section.

24 Sec. 2. TASK FORCE — ARTISANAL DAIRY PROCESSING PROGRAM.

25 1. The artisanal dairy processing program task force  
26 is created within the department of agriculture and land  
27 stewardship for the purpose of exploring the feasibility  
28 of establishing an artisanal dairy processing program at a  
29 community college or at an institution governed by the state  
30 board of regents.

31 2. Members of the task force shall include all of the  
32 following:

33 a. The secretary of agriculture or a designee of the  
34 secretary, who shall serve as chairperson.

35 b. One member appointed by the president of northeast Iowa

1 community college. The member must be experienced in dairy  
2 science or the dairy business.

3 c. Two members appointed by the president of Iowa state  
4 university of science and technology. The members must be  
5 knowledgeable about dairy science or the dairy business. One of  
6 the members must be associated with the university's extension  
7 and outreach programs.

8 d. One member of the economic development authority  
9 appointed by the director of the authority. The member must be  
10 knowledgeable regarding state finance programs.

11 e. Two members appointed by the executive director of the  
12 Iowa state dairy association. The members must be actively  
13 engaged in milk production.

14 f. Two members appointed by the secretary of agriculture.  
15 The members must own or operate a milk plant. One of the  
16 members must own or operate a small-to-medium-scale milk plant.

17 3. The members shall not be entitled to a per diem as  
18 specified in section 7E.6. Members shall not be entitled to  
19 actual and necessary expenses incurred while engaged in their  
20 official duties.

21 4. The department of agriculture and land stewardship shall  
22 provide the task force with staff and administrative support.

23 5. The task force shall consider staffing and equipment  
24 requirements, potential enrollment numbers, overall employment  
25 outlook for graduates, apprenticeship and internship  
26 opportunities, program costs, curriculum, and regulatory and  
27 legal requirements.

28 6. The task force shall submit a report by December 31,  
29 2022, to the general assembly that includes the task force's  
30 findings and recommendations.

31

EXPLANATION

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

34 This bill establishes a dairy processing and milk production  
35 innovation and revitalization fund (fund) and program (program)

1 to be administered by the economic development authority  
2 (authority), in consultation with the department of agriculture  
3 and land stewardship (department), and creates a task force  
4 to explore the feasibility of establishing an artisanal dairy  
5 processing program at a community college or at an institution  
6 governed by the state board of regents.

7 The bill creates the fund in the state treasury under  
8 the control of the authority, which consists of any moneys  
9 appropriated to the fund by the general assembly and any other  
10 moneys available to the authority for placement in the fund.  
11 Moneys in the fund are appropriated to provide financial  
12 assistance (assistance) as provided under the program.  
13 "Financial assistance" is defined to include assistance in the  
14 form of grants, low-interest loans, and forgivable loans.

15 The authority must use any moneys specifically appropriated  
16 to the program only for purposes of supporting the program.  
17 The appropriated moneys that remain unencumbered or unobligated  
18 at the close of the fiscal year do not revert but remain  
19 available for expenditure for the program until the close of  
20 the succeeding fiscal year. Not more than 5 percent of moneys  
21 in the fund at the beginning of the fiscal year can be used for  
22 program support.

23 The authority, in consultation with the department, must  
24 establish and administer the program for the purpose of  
25 awarding assistance to eligible businesses for projects that  
26 expand or refurbish an existing, or establish a new, milk  
27 plant; expand or refurbish an existing, or establish a new,  
28 mobile dairy processing unit; rent buildings, refrigeration  
29 facilities, freezer facilities, or equipment necessary  
30 to expand processing capacity, including mobile dairy or  
31 refrigeration units; or incorporate methods and technologies  
32 that reduce farm labor associated with milk production and  
33 storage.

34 The authority, in consultation with the department, must  
35 establish eligibility criteria for the program by rule, and the

1 criteria must include the requirements detailed in the bill.  
2 A business seeking assistance under the program must make  
3 application to the authority in the manner prescribed by the  
4 authority by rule. Applications must be accepted during one or  
5 more annual application periods determined by the authority by  
6 rule. After reviewing and scoring all applications received  
7 during an application period, and subject to funding, the  
8 authority, in consultation with the department, may award  
9 assistance to eligible businesses. A financial assistance  
10 award cannot exceed the amount of eligible project costs  
11 included in an eligible business's application. The bill  
12 requires that priority be given to eligible businesses whose  
13 proposed project will create new dairy processing jobs; create  
14 or expand opportunities for local small-scale milk producers  
15 to market pasteurized milk and milk products under private  
16 labels; provide greater flexibility or convenience for local  
17 small-scale farmers to have milk processed; and reduce labor  
18 associated with the on-farm production and storage of milk.

19 A business that is awarded assistance under the program may  
20 apply for assistance under other programs administered by the  
21 authority.

22 The authority, in consultation with the department, is  
23 required to adopt rules to administer the fund and program.

24 An artisanal dairy processing program task force is  
25 created within the department for the purpose of exploring  
26 the feasibility of establishing an artisanal dairy processing  
27 program at a community college or at an institution governed  
28 by the state board of regents. Members of the task force  
29 must include the secretary of agriculture or a designee and  
30 representatives of various groups and organizations interested  
31 in dairy processing and milk production. The department  
32 must provide the task force with staff and administrative  
33 support. The task force must consider staffing and equipment  
34 requirements, potential enrollment numbers, overall employment  
35 outlook for graduates, apprenticeship and internship

1 opportunities, program costs, curriculum, and regulatory and  
2 legal requirements.

3 The bill requires the task force to submit a report by  
4 December 31, 2022, to the general assembly that includes the  
5 task force's findings and recommendations.