

Senate Study Bill 3135 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON ZUMBACH)

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 all 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 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 shall, in consultation with the
18 department, adopt rules pursuant to chapter 17A to administer
19 this section.

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

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

27 2. Members of the task force shall include all of the
28 following:

29 a. The secretary of agriculture or a designee of the
30 secretary, who shall serve as chairperson.

31 b. One member appointed by the president of northeast Iowa
32 community college. The member must be experienced in dairy
33 science or the dairy business.

34 c. Two members appointed by the president of Iowa state
35 university of science and technology. The members must be

1 knowledgeable about dairy science or the dairy business. One of
2 the members must be associated with the university's extension
3 and outreach programs.

4 d. One member of the economic development authority
5 appointed by the director of the authority. The member must be
6 knowledgeable regarding state finance programs.

7 e. Two members appointed by the executive director of the
8 Iowa state dairy association. The members must be actively
9 engaged in milk production.

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

13 3. The members shall not be entitled to a per diem as
14 specified in section 7E.6. Members shall not be entitled to
15 actual and necessary expenses incurred while engaged in their
16 official duties.

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

19 5. The task force shall consider staffing and equipment
20 requirements, potential enrollment numbers, overall employment
21 outlook for graduates, apprenticeship and internship
22 opportunities, program costs, curriculum, and regulatory and
23 legal requirements.

24 6. The task force shall submit a report by December 31,
25 2022, to the general assembly that includes the task force's
26 findings and recommendations.

27 EXPLANATION

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

30 This bill establishes a dairy processing and milk production
31 innovation and revitalization fund (fund) and program (program)
32 to be administered by the economic development authority
33 (authority), in consultation with the department of agriculture
34 and land stewardship (department), and creates a task force
35 to explore the feasibility of establishing an artisanal dairy

1 processing program at a community college or at an institution
2 governed by the state board of regents.

3 The bill creates the fund in the state treasury under
4 the control of the authority, which consists of any moneys
5 appropriated to the fund by the general assembly and any other
6 moneys available to the authority for placement in the fund.
7 Moneys in the fund are appropriated to provide financial
8 assistance (assistance) as provided under the program.

9 "Financial assistance" is defined to include assistance in the
10 form of grants, low-interest loans, and forgivable loans.

11 The authority must use any moneys specifically appropriated
12 to the program only for purposes of supporting the program.
13 The appropriated moneys that remain unencumbered or unobligated
14 at the close of the fiscal year do not revert but remain
15 available for expenditure for the program until the close of
16 the succeeding fiscal year.

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

28 The authority, in consultation with the department, must
29 establish eligibility criteria for the program by rule, and
30 the criteria must include the requirements detailed in the
31 bill. A business seeking assistance under the program must
32 make application to the authority in the manner prescribed
33 by the authority by rule. Applications must be accepted
34 during one or more annual application periods determined
35 by the authority by rule. After reviewing and scoring all

1 applications received during an application period, and subject
2 to funding, the authority, in consultation with the department,
3 may award assistance to eligible businesses. A financial
4 assistance award cannot exceed the amount of eligible project
5 costs included in an eligible business's application. The
6 bill requires that priority be given to eligible businesses
7 whose proposed project will create new jobs; create or
8 expand opportunities for local small-scale milk producers
9 to market pasteurized milk and milk products under private
10 labels; provide greater flexibility or convenience for local
11 small-scale farmers to have milk processed; and reduce labor
12 associated with the on-farm production and storage of milk.

13 A business that is awarded assistance under the program may
14 apply for assistance under other programs administered by the
15 authority.

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

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

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