

House File 2641 - Introduced

HOUSE FILE 2641

BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HF 2510)

(SUCCESSOR TO HSB 560)

(COMPANION TO SF 2209 BY
COMMITTEE ON AGRICULTURE)

A BILL FOR

1 An Act relating to agriculture, by providing for the
2 administration of programs and regulations, making
3 appropriations, and including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

IOWA-FOALED HORSES

Section 1. Section 99D.22, subsection 2, paragraph b, subparagraph (3), Code 2024, is amended to read as follows:

(3) (a) ~~Continuous~~ For a thoroughbred foal, continuous residency from December 31 15 until the foal is inspected if the mare was bred by other than an Iowa registered stallion and is not bred back to an Iowa registered stallion.

(b) For a standardbred foal or quarter horse foal, continuous residency from January 31 until the foal is inspected if the mare was bred by other than an Iowa registered stallion and is not bred back to an Iowa registered stallion.

DIVISION II

AGRICULTURAL MARKETING

PART A

CHOOSE IOWA PROMOTIONAL PROGRAM

Sec. 2. Section 159.26, Code 2024, is amended by striking the section and inserting in lieu thereof the following:

159.26 Definitions.

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

1. "*Agricultural commodity*" means an animal or plant, or raw material originating from an animal or plant.
2. "*Component*" means an agricultural commodity that is combined to form a product during processing.
3. "*Farm*" means land and associated structures used to produce an agricultural commodity.
4. "*Food item*" means an agricultural commodity, or an item processed from an agricultural commodity, that is fit for human consumption.
5. "*Fund*" means the choose Iowa program fund established in section 159.31.
6. "*Horticulture item*" means any of the following:
 - a. A nursery, floral, or greenhouse plant.
 - b. A product processed from a nursery, floral, or greenhouse plant, including a seed, rooting, cutting, tissue culture,

1 seedling, or other propagation material.

2 7. "Natural fiber item" means fiber originating from
3 an agricultural commodity for use in processing, including
4 manufacturing into a textile, apparel, or other similar
5 product.

6 8. "Process" means to prepare a product that includes an
7 agricultural commodity alone or as a component.

8 9. a. "Product" means an agricultural commodity that in its
9 raw or processed state is moveable at the time of its retail
10 sale.

11 b. "Product" includes but is not limited to a food item,
12 horticulture item, or natural fiber item.

13 10. "Program" means the choose Iowa promotional program
14 established in section 159.28.

15 Sec. 3. Section 159.28, Code 2024, is amended to read as
16 follows:

17 **159.28 Choose Iowa promotional program.**

18 1. The department shall establish and administer a choose
19 Iowa promotional program to advertise for retail sale ~~on a~~
20 ~~retail basis a food item that originates as an agricultural~~
21 ~~commodity produced on an Iowa farm, and~~ an Iowa product that
22 may include any of the following:

23 a. An agricultural commodity produced on an Iowa farm,
24 except that it may be prepared for sale by washing or packaging
25 in this state.

26 b. ~~A product, if it is~~ An agricultural commodity processed
27 in this state and any of its ingredients, if its components
28 originate as an agricultural commodity produced on an Iowa
29 farm.

30 2. a. The department may adopt rules further defining an
31 Iowa farm, Iowa agricultural commodity, and Iowa product; and
32 describing how an Iowa agricultural commodity originates on an
33 Iowa farm.

34 b. The department may adopt rules providing for the
35 acceptable use of ~~ingredients originating~~ a component that

1 originates from an agricultural ~~commodities~~ commodity not
2 produced on an Iowa ~~farms~~ farm. In adopting the rules, the
3 department may consider whether the ingredient component is
4 an incidental ~~additive or other component that the department~~
5 ~~determines is~~ or insignificant part of an Iowa product.

6 Sec. 4. Section 159.29, subsections 1 and 5, Code 2024, are
7 amended to read as follows:

8 1. As part of the choose Iowa promotional program, the
9 department may establish a choose Iowa logo to identify a ~~food~~
10 ~~item originating as an agricultural commodity produced on an~~
11 ~~Iowa farm~~ an Iowa product.

12 5. The use of a choose Iowa logo does not do any of the
13 following:

14 a. Provide an express or implied guarantee or warranty
15 concerning the safety, fitness, merchantability, or use of a
16 ~~food item~~ product.

17 b. Supersede, revise, or replace a state or federal labeling
18 requirement, including but not limited to a provision in the
19 federal Fair Packaging and Labeling Act, 15 U.S.C. §1451 et
20 seq.

21 c. Indicate the grade, specification, standard, or value of
22 any ~~food item~~ agricultural commodity, component, or product.

23 Sec. 5. Section 159.31, subsection 1, Code 2024, is amended
24 to read as follows:

25 1. A choose Iowa promotional fund is established in
26 the state treasury under the management and control of the
27 department.

28 PART B

29 DAIRY INNOVATION

30 Sec. 6. Section 159.31A, subsection 3, paragraphs a and c,
31 Code 2024, are amended to read as follows:

32 a. Expand or refurbish existing milk plants or establish a
33 new milk plant, operating pursuant to a permit issued pursuant
34 to [section 192.111](#) or [194.3A](#).

35 c. Rent buildings, refrigeration facilities, or freezer

1 facilities, or acquire equipment, if necessary to expand dairy
2 processing capacity, including mobile dairy or refrigeration
3 units used exclusively for dairy processing.

4 Sec. 7. Section 159.31A, subsection 7, Code 2024, is amended
5 to read as follows:

6 7. A business that is awarded financial assistance under
7 this section may apply for financial assistance under other
8 programs administered by the authority department.

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PART C

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VALUE-ADDED AGRICULTURAL GRANT FUND AND PROGRAM

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Sec. 8. NEW SECTION. 159.31C Value-added agricultural grant
12 program fund.

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1. A value-added agricultural grant program fund is
14 established in the state treasury under the management and
15 control of the department.

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2. The fund shall include moneys appropriated by the general
17 assembly and other moneys available to and obtained or accepted
18 by the department, including moneys from public or private
19 sources.

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3. Moneys in the fund are appropriated to the department for
21 the purpose of supporting the value-added agricultural grant
22 program established in section 159.31D.

23

4. *a.* Notwithstanding section 12C.7, interest or earnings
24 on moneys in the fund shall be credited to the fund.

25

b. Notwithstanding section 8.33, moneys in the fund that
26 remain unencumbered or unobligated at the end of a fiscal year
27 shall not revert.

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Sec. 9. NEW SECTION. 159.31D Value-added agricultural grant
29 program.

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There is established a value-added agricultural grant
31 program to identify, evaluate, and support projects and
32 services that add value to agricultural commodities produced
33 on Iowa farms, including by supporting new technologies and
34 marketing strategies. The department shall adopt rules as
35 necessary to administer the program.

DIVISION III

COMMERCIAL ESTABLISHMENTS

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3 Sec. 10. Section 162.2, subsection 8, Code 2024, is amended
4 to read as follows:

5 8. "*Commercial breeder*" means a person, engaged in the
6 business of breeding dogs or cats, who sells, exchanges, or
7 leases dogs or cats in return for consideration, or who offers
8 to do so, whether or not the animals are raised, trained,
9 groomed, or boarded by the person. A person who owns or
10 harbors three or fewer breeding males or females is not a
11 commercial breeder. ~~However, a person who breeds any number~~
12 ~~of breeding male or female greyhounds for the purposes of~~
13 ~~using them for pari-mutuel wagering at a racetrack as provided~~
14 ~~in chapter 99D shall be considered a commercial breeder~~
15 ~~irrespective of whether the person sells, leases, or exchanges~~
16 ~~the greyhounds for consideration or offers to do so.~~

17 Sec. 11. Section 162.2B, subsection 1, paragraph b, Code
18 2024, is amended to read as follows:

19 b. For the issuance or renewal of a state license or permit,
20 one hundred seventy-five dollars. ~~However, a commercial~~
21 ~~breeder who owns, keeps, breeds, or transports a greyhound dog~~
22 ~~for pari-mutuel wagering at a racetrack as provided in chapter~~
23 ~~99D shall pay a different fee for the issuance or renewal of a~~
24 ~~state license as provided in rules adopted by the department.~~

25 Sec. 12. Section 162.10A, subsection 2, Code 2024, is
26 amended to read as follows:

27 2. a. Except as provided in paragraph "b" or "e", a
28 commercial establishment shall comply with rules that the
29 department adopts to implement subsection 1. A commercial
30 establishment shall be regulated under this paragraph "a"
31 unless the person is a state licensee as provided in paragraph
32 "b" or a permittee as provided in paragraph "e" "b".

33 b. ~~A state licensee who is a commercial breeder owning,~~
34 ~~breeding, transporting, or keeping a greyhound dog for~~
35 ~~pari-mutuel wagering at a racetrack as provided in chapter 99D~~

1 ~~may be required to comply with different rules adopted by the~~
2 ~~department.~~

3 ~~e.~~ b. A permittee is not required to comply with rules
4 that the department adopts to implement a standard of care as
5 provided in [subsection 1](#) for state licensees and registrants.
6 The department may adopt rules regulating a standard of care
7 for a permittee, so long as the rules are not more restrictive
8 than required for a permittee under the Animal Welfare Act.
9 However, the department may adopt prescriptive rules relating
10 to the standard of care. Regardless of whether the department
11 adopts such rules, a permittee meets the standard of care
12 required in [subsection 1](#) if it voluntarily complies with rules
13 applicable to state licensees or registrants. A finding by
14 the United States department of agriculture that a permittee
15 complies with the Animal Welfare Act is not conclusive when
16 determining that the permittee provides a standard of care
17 required in [subsection 1](#).

18 Sec. 13. Section 717B.3, subsection 2, paragraph a,
19 subparagraph (2), subparagraph divisions (a) and (b), Code
20 2024, are amended to read as follows:

21 (a) A state licensee or registrant operating pursuant to
22 section 162.10A, subsection 2, paragraph "a" ~~or "b"~~.

23 (b) A permittee operating pursuant to section 162.10A,
24 subsection 2, paragraph ~~"e"~~ "b".

25 DIVISION IV

26 GRADE "A" MILK

27 Sec. 14. Section 192.101A, Code 2024, is amended by adding
28 the following new subsections:

29 NEW SUBSECTION. 1A. "*Department*" means the department of
30 agriculture and land stewardship.

31 NEW SUBSECTION. 5. "*Secretary*" means the secretary of
32 agriculture.

33 Sec. 15. Section 192.109, Code 2024, is amended to read as
34 follows:

35 **192.109 Certification of grade "A" label.**

1 The department of ~~agriculture and land stewardship~~ shall
2 ~~annually~~ biennially conduct a survey and based on that survey
3 certify all milk labeled grade "A" pasteurized and grade "A"
4 raw milk for pasteurization, ~~and, in.~~ In the event that a
5 survey shows the requirements for production, processing, and
6 distribution for such grade are not being complied with, ~~the~~
7 that fact ~~thereof~~ shall be certified by the department to the
8 secretary of ~~agriculture~~ who shall proceed with the provisions
9 of section 192.107 for suspending the permit of the violator or
10 who, if the secretary did not issue such permit, shall withdraw
11 the grade "A" declared on the label.

12 Sec. 16. Section 192.111, subsection 1, paragraph a,
13 subparagraph (5), Code 2024, is amended to read as follows:

14 (5) A milk grader which must obtain a milk grader permit and
15 pay a license permit fee not greater than twenty dollars.

16 Sec. 17. Section 192.116, Code 2024, is amended to read as
17 follows:

18 **192.116 Bacteriologists.**

19 The department of ~~agriculture and land stewardship~~ may
20 employ dairy specialists or bacteriologists who shall devote
21 their full time to the improvement of sanitation in the
22 production, processing, and marketing of dairy products.
23 ~~Said~~ The dairy specialists and bacteriologists shall have
24 qualifications as to education and experience and such other
25 requirements as the secretary may require.

26 Sec. 18. Section 192.118, subsection 1, Code 2024, is
27 amended to read as follows:

28 1. To ensure uniformity in the tests and reporting, an
29 employee certified by the United States public health service
30 of the bacteriological laboratory of the department shall
31 annually certify, in accordance with rules adopted by the
32 department incorporating or incorporating by reference the
33 federal publication entitled "Evaluation of Milk Laboratories",
34 all laboratories doing work in the sanitary quality of
35 milk and dairy products for public report. The approval by

1 the department shall be based on the evaluation of these
2 laboratories as to personnel training, laboratory methods
3 used, and reporting. The results on tests made by approved
4 laboratories shall be reported to the department on request,
5 on forms prescribed by the secretary of ~~agriculture~~, and such
6 reports may be used by the department.

7 DIVISION V

8 FERTILIZERS AND SOIL CONDITIONERS

9 Sec. 19. Section 200.3, subsection 29, Code 2024, is amended
10 to read as follows:

11 29. The term "*unmanipulated manures*" means any substances
12 composed primarily of excreta, plant remains, or mixtures of
13 such substances which have not been processed in any manner
14 other than dewatering.

15 Sec. 20. EFFECTIVE DATE. This division of this Act, being
16 deemed of immediate importance, takes effect upon enactment.

17 EXPLANATION

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

20 GENERAL. This bill provides for the administration of
21 a number of programs and regulations by the department of
22 agriculture and land stewardship (DALs). Specifically,
23 the bill addresses the promotion of the native horse racing
24 industry by providing for the qualification of Iowa-foaled
25 horse breeds; agricultural marketing, by revising a number of
26 existing programs such as the choose Iowa promotional program
27 and choose Iowa fund, the dairy innovation program and fund,
28 and the value-added agricultural grant program and fund; the
29 regulation of commercial establishments that keep certain
30 nonagricultural animals for commercial purposes, by eliminating
31 special requirements related to greyhound racing; and the
32 regulation of permittees authorized to engage in the handling
33 of grade "A" milk and related dairy products.

34 IOWA-FOALED HORSES. DALs regulates the status and care
35 of race horses involved in pari-mutual wagering conducted

1 by persons licensed by the racing and gaming commission to
2 operate racetracks and manage associated purses. There are
3 three breeds of horses involved in such racing, including
4 thoroughbred horses, quarter horses, and standardbred horses.
5 For at least one race of each racing day, either a race must
6 be limited to Iowa-foaled horses or alternatively Iowa-foaled
7 horses must be given a weight advantage (Code section 99D.22).
8 At least 20 percent of all net purse moneys distributed to
9 each breed must be awarded in the form of Iowa breeder awards
10 or purse supplements to Iowa breeders. One criteria used to
11 determine a foal's status as Iowa bred occurs in cases in which
12 the foal's brood mare was bred by a stallion not recognized
13 by DALs as an Iowa registered stallion and was not bred back
14 to an Iowa registered stallion. In that case, the brood mare
15 must have continuous Iowa residency from December 31 until the
16 foal is inspected. The bill provides that for thoroughbred
17 horses that beginning date is moved back to December 15, and
18 for quarter horses and standardbred horses that beginning date
19 is moved forward to January 31.

20 AGRICULTURAL MARKETING — CHOOSE IOWA PROMOTIONAL PROGRAM
21 AND CHOOSE IOWA PROMOTIONAL FUND. In 2022, the general
22 assembly established the choose Iowa promotional program
23 (choose Iowa program) and choose Iowa fund administered by
24 DALs (2022 Iowa Acts, chapter 1152). The stated purpose of
25 the choose Iowa program and fund is to provide consumers a
26 choice to purchase a food item originating as an agricultural
27 commodity (commodity) produced on an Iowa farm or a food
28 item processed in Iowa using the commodity as an ingredient
29 (Code sections 159.26 through 159.31). As part of the choose
30 Iowa program, DALs may establish a choose Iowa logo (logo)
31 and register the logo for legal protection with the state or
32 the United States (e.g., by trademark or copyright). DALs
33 may also enter into a licensing agreement with a person who
34 applies to use the logo when selling a food item on a retail
35 basis. A choose Iowa fund was established to finance the

1 program. The fund includes fees paid by licensees and any
 2 moneys appropriated by the general assembly. The bill uses
 3 the term "product" to describe both raw and processed items
 4 (i.e., moveable goods) that may be sold at retail using the
 5 logo. It expands the program to include horticulture items (a
 6 nursery, floral, or greenhouse plant) and natural fiber items
 7 (e.g., wool). In all cases, the product must be a commodity
 8 produced on an Iowa farm, a commodity produced on an Iowa farm
 9 and processed in this state, or a commodity produced on an Iowa
 10 farm and used as a component in a product processed in this
 11 state. The bill changes the fund's name to the choose Iowa
 12 promotional fund.

13 AGRICULTURAL MARKETING — DAIRY FUND'S INNOVATION FUND
 14 AND PROGRAM. In 2023, the general assembly created a dairy
 15 innovation fund (dairy fund) and program (dairy program)
 16 (2023 Iowa Acts, chapter 101). The purpose of the dairy fund
 17 and dairy program is to expand dairy processing capacity in
 18 the state (Code section 159.31A). The dairy fund is used
 19 to support financing eligible businesses participating in
 20 the program in the form of grants, low-interest loans, or
 21 forgivable loans. DALS is specifically required to finance
 22 the expansion or refurbishing of existing milk plants or the
 23 construction of new milk plants that process and package raw
 24 milk into various milk and dairy products. Code chapter
 25 192 regulates the production, processing, labeling, and
 26 distribution (handling) of grade "A" milk and grade "A" milk
 27 products according to sanitary requirements (Code section
 28 192.102). Under the program, in order to receive financing,
 29 a milk plant must be operated under a permit issued by DALS
 30 pursuant to Code section 192.111. The bill provides that the
 31 milk plant may also operate under a permit issued pursuant to
 32 Code section 194.3A. Code chapter 194 governs the production,
 33 delivery, and processing of the less common grade "B" milk
 34 allowed for use in manufacturing dairy products. The bill also
 35 provides that the financing may be used for the acquisition

1 and not just renting of dairy processing equipment. Finally,
2 the bill substitutes the term "department" for "authority"
3 in a provision that allows an eligible business receiving
4 financial assistance under the program to receive assistance
5 under another program.

6 AGRICULTURAL MARKETING — VALUE-ADDED AGRICULTURAL GRANT
7 FUND AND PROGRAM. The bill establishes the value-added
8 agricultural grant program fund (value-added fund) and
9 value-added agricultural grant program (value-added program)
10 (new Code sections 159.31C and 159.31D). The value-added
11 fund is administered by DALS and includes moneys appropriated
12 by the general assembly, and other moneys available to DALS,
13 to support the value-added program. The purpose of the
14 value-added program is to support projects and services that
15 add value to agricultural commodities produced on Iowa farms
16 (e.g., by processing). The program has been enacted and
17 supported in recent DALS general appropriations Acts but not
18 codified (see 2021 Iowa Acts, chapter 143, section 12; 2022
19 Iowa Acts, chapter 1147, section 12; and 2023 Iowa Acts,
20 chapter 109, section 4).

21 REGULATION OF COMMERCIAL ESTABLISHMENTS. DALS regulates
22 commercial establishments that keep certain nonagricultural
23 animals for commercial purposes on a nonprofit or profit
24 basis, including an animal shelter, pound, or research
25 facility issued a certificate of registration (Code sections
26 162.3, 162.4, and 162.4A); a pet shop, boarding kennel, or
27 commercial kennel issued a state license (Code sections 162.5,
28 162.5A, and 162.6); or a dealer, commercial breeder, or public
29 auction who may elect to be either issued a state license or
30 a permit. A permit is issued if the person is licensed under
31 the federal Animal Welfare Act (7 U.S.C. ch. 54) by the United
32 States department of agriculture (Code sections 162.7, 162.8,
33 and 162.9A). Code chapter 162 provides special regulations
34 applicable to a greyhound dog if used for pari-mutuel wagering
35 at a licensed racetrack (racing greyhound) (Code chapter 99D).

1 The bill eliminates those special provisions. Currently, a
2 person is regulated as a commercial breeder and is subject to
3 license or permit requirements if the person breeds dogs or
4 cats in exchange for payment with an exception that applies
5 to a person who keeps three or fewer breeding greyhounds.
6 The exception does not apply to a person who breeds racing
7 greyhounds (Code section 162.2). A person applying for a
8 state license or permit is required to pay DAL\$ 175 with
9 an exception for a person who keeps racing greyhounds (Code
10 section 162.2B). A person who keeps greyhounds must be issued
11 a state license and is subject to a fee established by DAL\$
12 rule which is currently \$40 (21 IAC 67.17). A commercial
13 establishment is required to comply with standard of care
14 requirements including providing a kept animal with adequate
15 feed, adequate water, housing facilities, sanitary control,
16 grooming practices, and veterinary care as required by DAL\$
17 rule (Code section 162.10A). A state licensee who is a
18 commercial breeder keeping a racing greyhound may be required
19 to comply with different rules adopted by the department.

20 GRADE "A" MILK REGULATION. Iowa has adopted by reference
21 the model "Grade 'A' Pasteurized Milk Ordinance" as part of
22 its "Iowa Grade 'A' Milk Inspection Law" (Code chapter 192).
23 The bill makes several editorial changes to improve the Code's
24 readability, including by defining the terms "department"
25 as the department of agriculture and land stewardship and
26 "secretary" as the secretary of agriculture, and using those
27 terms consistently throughout the Code chapter. In order to
28 handle raw milk for pasteurization and processing, a person
29 must be issued a permit by DAL\$ (Code section 192.107; 21
30 IAC 68.2). Each year, DAL\$ is required to conduct a survey
31 of permittees to verify that the milk they handle meets
32 requirements to be labeled grade "A" for pasteurization. The
33 bill provides that the survey is to be conducted every other
34 year. DAL\$ may suspend or revoke a permit for a person who does
35 not comply with the sanitary requirements.

1 UNMANIPULATED MANURES. The bill amends a provision in Code
2 chapter 200, which provides for the regulation of the sale
3 of fertilizers and soil conditioners by DALS. Specifically,
4 the bill amends the defined term "unmanipulated manures" which
5 means any substances composed of excreta or plant remains
6 that have not been processed. The bill provides that the
7 term includes such substances processed by dewatering. This
8 provision takes effect upon enactment.