

House File 580 - Introduced

HOUSE FILE 580
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HSB 155)

A BILL FOR

1 An Act establishing a dairy innovation fund and program to
2 be administered by the department of agriculture and land
3 stewardship.

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

1 Section 1. NEW SECTION. 159.31A Dairy innovation fund and
2 program.

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

5 a. "*Financial assistance*" means assistance provided only
6 from the moneys and assets legally available to the department
7 pursuant to this section and includes assistance in the form of
8 grants, low-interest loans, and forgivable loans.

9 b. "*Fund*" means the dairy innovation fund.

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

15 d. "*Program*" means the dairy innovation program.

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

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

30 3. The department shall establish and administer the
31 program for the purpose of awarding financial assistance to
32 eligible businesses engaged in projects that do all of the
33 following:

34 a. Expand or refurbish existing milk plants or establish a
35 new milk plant, operating pursuant to a permit issued pursuant

1 to section 192.111.

2 *b.* Expand or refurbish existing mobile dairy processing
3 units, or establish new mobile dairy processing units.

4 *c.* Rent buildings, refrigeration facilities, freezer
5 facilities, or equipment necessary to expand dairy processing
6 capacity, including mobile dairy or refrigeration units used
7 exclusively for dairy processing.

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

12 4. The department shall establish eligibility criteria for
13 the program by rule. The eligibility criteria must include all
14 of the following:

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

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

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

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

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

24 5. A business seeking financial assistance under this
25 section shall make application to the department in the manner
26 prescribed by the department by rule.

27 6. Applications shall be accepted during one or more annual
28 application periods to be determined by the department by
29 rule. Upon reviewing and scoring all applications that are
30 received during an application period, and subject to funding,
31 the department may award financial assistance to eligible
32 businesses. A financial assistance award shall not exceed
33 the amount of eligible project costs included in the eligible
34 business's application. Priority shall be given to eligible
35 businesses whose proposed project under subsection 3 will do

1 any of the following:

2 a. Create new jobs.

3 b. Create or expand opportunities for local small-scale milk
4 producers to market pasteurized milk and milk products under
5 private labels.

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

8 d. Reduce labor associated with the on-farm production and
9 storage of milk.

10 7. A business that is awarded financial assistance under
11 this section may apply for financial assistance under other
12 programs administered by the authority.

13 8. The department shall adopt rules pursuant to chapter 17A
14 to administer this section.

15 Sec. 2. DIRECTIONS TO CODE EDITOR — NEW PART. The Code
16 editor is directed to organize section 159.31A, as enacted in
17 this Act, as a new part under chapter 159, subchapter II.

18 EXPLANATION

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

21 This bill establishes a dairy innovation fund (fund) and
22 dairy innovation program (program) to be administered by the
23 department of agriculture and land stewardship (DALs).

24 The bill creates the fund in the state treasury under the
25 control of DALs, which consists of any moneys appropriated to
26 the fund by the general assembly and any other moneys available
27 to DALs for placement in the fund. Moneys in the fund are
28 appropriated to provide financial assistance (assistance) as
29 provided under the program. "Financial assistance" is defined
30 to include assistance in the form of grants, low-interest
31 loans, and forgivable loans.

32 DALs must use any moneys specifically appropriated to the
33 program only for purposes of supporting the program. The
34 appropriated moneys that remain unencumbered or unobligated
35 at the close of the fiscal year do not revert but remain

1 available for expenditure for the program until the close of
2 the succeeding fiscal year.

3 DALS must establish and administer the program for the
4 purpose of awarding assistance to eligible businesses for
5 projects that expand or refurbish an existing, or establish
6 a new, milk plant; expand or refurbish an existing, or
7 establish a new, mobile dairy processing unit; rent buildings,
8 refrigeration facilities, freezer facilities, or equipment
9 necessary to expand processing capacity, including mobile
10 dairy or refrigeration units; and incorporate methods and
11 technologies that reduce farm labor associated with milk
12 production and storage.

13 DALS must establish eligibility criteria for the program
14 by rule, and the criteria must include the requirements
15 detailed in the bill. A business seeking assistance under the
16 program must make application to DALS in the manner prescribed
17 by DALS by rule. Applications must be accepted during one
18 or more annual application periods determined by DALS by
19 rule. After reviewing and scoring all applications received
20 during an application period, and subject to funding, DALS
21 may award assistance to eligible businesses. A financial
22 assistance award cannot exceed the amount of eligible project
23 costs included in an eligible business's application. The
24 bill requires that priority be given to eligible businesses
25 whose proposed project will create new jobs; create or
26 expand opportunities for local small-scale milk producers
27 to market pasteurized milk and milk products under private
28 labels; provide greater flexibility or convenience for local
29 small-scale farmers to have milk processed; and reduce labor
30 associated with the on-farm production and storage of milk.

31 DALS is required to adopt rules to administer the fund and
32 program.