

House File 598 - Introduced

HOUSE FILE 598

BY ISENHART

A BILL FOR

1 An Act relating to the production, processing, distribution,
2 and marketing of agricultural products, including by
3 providing tax credits and making appropriations.

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

DIVISION I

IOWA-GROWN FOOD TAX CREDIT

Section 1. NEW SECTION. 137F.21 Iowa-grown food tax credit.

1. As used in this section:

a. "Food" means raw, cooked, or a processed edible substance intended in whole or in part for human consumption, that is grown or processed in this state. "Food" may include non-nutritional ingredients incapable of being grown or processed in this state.

b. "Food establishment" means a grocery store, restaurant, or other entity that sells food to the public and is licensed in this state.

c. "Nonprofit organization" means public or nonpublic schools, hospitals, religious institutions, dependent care facilities, child care facilities, and any other nonprofit organization in this state.

d. "Wholesaler" means a wholesale food business licensed in this state.

2. *a.* An Iowa-grown food tax credit may be claimed by a food establishment to reduce the taxes imposed under chapter 422, subchapters II and III, that is equal to one percent of the sales price of food sold by the food establishment in this state.

b. An Iowa-grown food tax credit may be claimed by a wholesaler to reduce the taxes imposed under chapter 422, subchapters II and III, that is equal to one percent of the sales price of food sold by the wholesaler to a nonprofit organization in this state.

Sec. 2. NEW SECTION. 422.12P Iowa-grown food tax credit.

The taxes imposed under this subchapter, less the credits allowed under section 422.12, shall be reduced by an Iowa-grown food tax credit authorized pursuant to section 137F.21.

Sec. 3. Section 422.33, Code 2023, is amended by adding the following new subsection:

NEW SUBSECTION. 33. The taxes imposed under this subchapter

1 shall be reduced by an Iowa-grown food tax credit under section
2 137F.21.

3 DIVISION II

4 SPECIALTY CROPS — APPROPRIATIONS

5 Sec. 4. SPECIALTY CROPS — FISCAL YEAR 2023-2024.

6 1. Notwithstanding section 8.57G, subsection 2, there is
7 appropriated from the Iowa coronavirus fiscal recovery fund
8 to the economic development authority for the fiscal year
9 beginning July 1, 2023, and ending June 30, 2024, the following
10 amount, or so much thereof as is necessary, to be used for the
11 purposes designated:

12 For awarding grants to support persons engaged in
13 community-based initiatives to expand the capacity of
14 operations engaged in processing, distributing, and marketing
15 specialty crops:

16 \$ 10,000,000

17 2. The economic development authority shall provide a
18 preference to applicants who are beginning farmers or ranchers
19 or socially disadvantaged farmers or ranchers as defined in 7
20 U.S.C. §2279.

21 3. The economic development authority shall provide a
22 preference to applicants who have been awarded matching moneys
23 from entities other than state agencies receiving funding under
24 the American Rescue Plan Act of 2021, Pub. L. No. 117-2.

25 4. In establishing criteria to award grants and in selecting
26 applicants to receive grants under this section, the economic
27 development authority shall cooperate with the department of
28 agriculture and land stewardship.

29 5. a. As used in this section, "specialty crop" means a
30 plant or part of a plant having commercial value and intended
31 to be marketed or used for human consumption.

32 b. "Specialty crop" does not include corn, grain sorghum,
33 oats, soybeans, or wheat.

34 Sec. 5. SPECIALTY CROPS — FISCAL YEAR 2024-2025.

35 1. Notwithstanding section 8.57G, subsection 2, there is

1 appropriated from the Iowa coronavirus fiscal recovery fund
2 to the economic development authority for the fiscal year
3 beginning July 1, 2024, and ending June 30, 2025, the following
4 amount, or so much thereof as is necessary, to be used for the
5 purposes designated:

6 For awarding grants to support persons engaged in
7 community-based initiatives to expand the capacity of
8 operations engaged in processing, distributing, and marketing
9 specialty crops:

10 \$ 10,000,000

11 2. The economic development authority shall provide a
12 preference to applicants who are beginning farmers or ranchers
13 or socially disadvantaged farmers or ranchers as defined in 7
14 U.S.C. §2279.

15 3. The economic development authority shall provide a
16 preference to applicants who have been awarded matching moneys
17 from entities other than state agencies receiving funding under
18 the American Rescue Plan Act of 2021, Pub. L. No. 117-2.

19 4. In establishing criteria to award grants and in selecting
20 applicants to receive grants under this section, the economic
21 development authority shall cooperate with the department of
22 agriculture and land stewardship.

23 5. a. As used in this section, "specialty crop" means a
24 plant or part of a plant having commercial value and intended
25 to be marketed or used for human consumption.

26 b. "Specialty crop" does not include corn, grain sorghum,
27 oats, soybeans, or wheat.

28 EXPLANATION

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

31 DIVISION I — IOWA-GROWN FOOD TAX CREDIT. This bill creates
32 an Iowa-grown food tax credit that may be claimed by a food
33 establishment (e.g., a grocery store) equal to 1 percent of the
34 sales price of food sold. The tax credit may also be claimed
35 by a wholesaler equal to 1 percent of the sales price sold to a

1 nonprofit corporation.

2 DIVISION II — SPECIALTY CROPS — APPROPRIATIONS. The bill
3 appropriates moneys from the Iowa coronavirus fiscal recovery
4 fund to the economic development authority (authority) for
5 fiscal years 2023-2024 and 2024-2025 for purposes of supporting
6 persons engaged in community-based initiatives to expand the
7 capacity of operations engaged in processing, distributing, and
8 marketing a specialty crop. A specialty crop includes a plant
9 or part of a plant having commercial value which is intended
10 for human use but does not include corn, grain sorghum, oats,
11 soybeans, or wheat. In awarding moneys to an applicant, the
12 authority must provide a preference to a beginning farmer or
13 rancher or socially disadvantaged farmer or rancher. The
14 authority must also provide a preference to an applicant who
15 has been awarded matching moneys from an entity other than
16 a state agency receiving funding under the federal American
17 Rescue Plan Act. In establishing criteria to award grants
18 and in selecting applicants to receive grants, the authority
19 must cooperate with the department of agriculture and land
20 stewardship.