

**House Study Bill 560 - Introduced**

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
AGRICULTURE AND LAND  
STEWARDSHIP BILL)

**A BILL FOR**

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

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 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.

9

PART C

10

VALUE-ADDED AGRICULTURAL GRANT FUND AND PROGRAM

11

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

12

program fund.

13

1. A value-added agricultural grant program fund is

14

established in the state treasury under the management and

15

control of the department.

16

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.

20

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.

28

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

29

program.

30

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

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

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

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

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

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

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

b. ~~A state licensee who is a commercial breeder owning, breeding, transporting, or keeping a greyhound dog for 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 EXPLANATION

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

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

24 IOWA-FOALED HORSES. DALs regulates the status and care  
25 of race horses involved in pari-mutual wagering conducted  
26 by persons licensed by the racing and gaming commission to  
27 operate racetracks and manage associated purses. There are  
28 three breeds of horses involved in such racing, including  
29 thoroughbred horses, quarter horses, and standardbred horses.  
30 For at least one race of each racing day, either a race must  
31 be limited to Iowa-foaled horses or alternatively Iowa-foaled  
32 horses must be given a weight advantage (Code section 99D.22).  
33 At least 20 percent of all net purse moneys distributed to  
34 each breed must be awarded in the form of Iowa breeder awards  
35 or purse supplements to Iowa breeders. One criteria used to

1 determine a foal's status as Iowa bred occurs in cases in which  
2 the foal's brood mare was bred by a stallion not recognized by  
3 DALS as an Iowa registered stallion and was not bred back to an  
4 Iowa registered stallion. In that case, the brood mare must  
5 have continuous Iowa residency from December 31 until the foal  
6 is inspected. The bill provides that for quarter horses and  
7 standardbred horses, that beginning date is moved to January  
8 31.

9 AGRICULTURAL MARKETING — CHOOSE IOWA PROMOTIONAL PROGRAM  
10 AND CHOOSE IOWA PROMOTIONAL FUND. In 2022, the general  
11 assembly established the choose Iowa promotional program  
12 (choose Iowa program) and choose Iowa fund administered by  
13 DALS (2022 Iowa Acts, chapter 1152). The stated purpose of  
14 the choose Iowa program and fund is to provide consumers a  
15 choice to purchase a food item originating as an agricultural  
16 commodity (commodity) produced on an Iowa farm or a food  
17 item processed in Iowa using the commodity as an ingredient  
18 (Code sections 159.26 through 159.31). As part of the choose  
19 Iowa program, DALS may establish a choose Iowa logo (logo)  
20 and register the logo for legal protection with the state or  
21 the United States (e.g., by trademark or copyright). DALS  
22 may also enter into a licensing agreement with a person who  
23 applies to use the logo when selling a food item on a retail  
24 basis. A choose Iowa fund was established to finance the  
25 program. The fund includes fees paid by licensees and any  
26 moneys appropriated by the general assembly. The bill uses  
27 the term "product" to describe both raw and processed items  
28 (i.e., moveable goods) that may be sold at retail using the  
29 logo. It expands the program to include horticulture items (a  
30 nursery, floral, or greenhouse plant) and natural fiber items  
31 (e.g., wool). In all cases, the product must be a commodity  
32 produced on an Iowa farm, a commodity produced on an Iowa farm  
33 and processed in this state, or a commodity produced on an Iowa  
34 farm and used as a component in a product processed in this  
35 state. The bill changes the fund's name to the choose Iowa

1 promotional fund.

2       AGRICULTURAL MARKETING — DAIRY FUND'S INNOVATION FUND  
3 AND PROGRAM. In 2023, the general assembly created a dairy  
4 innovation fund (dairy fund) and program (dairy program)  
5 (2023 Iowa Acts, chapter 101). The purpose of the dairy fund  
6 and dairy program is to expand dairy processing capacity in  
7 the state (Code section 159.31A). The dairy fund is used  
8 to support financing eligible businesses participating in  
9 the program in the form of grants, low-interest loans, or  
10 forgivable loans. DALS is specifically required to finance  
11 the expansion or refurbishing of existing milk plants or the  
12 construction of new milk plants that process and package raw  
13 milk into various milk and dairy products. Code chapter  
14 192 regulates the production, processing, labeling, and  
15 distribution (handling) of grade "A" milk and grade "A" milk  
16 products according to sanitary requirements (Code section  
17 192.102). Under the program, in order to receive financing,  
18 a milk plant must be operated under a permit issued by DALS  
19 pursuant to Code section 192.111. The bill provides that the  
20 milk plant may also operate under a permit issued pursuant to  
21 Code section 194.3A. Code chapter 194 governs the production,  
22 delivery, and processing of the less common grade "B" milk  
23 allowed for use in manufacturing dairy products. The bill also  
24 provides that the financing may be used for the acquisition  
25 and not just renting of dairy processing equipment. Finally,  
26 the bill substitutes the term "department" for "authority"  
27 in a provision that allows an eligible business receiving  
28 financial assistance under the program to receive assistance  
29 under another program.

30       AGRICULTURAL MARKETING — VALUE-ADDED AGRICULTURAL GRANT  
31 FUND AND PROGRAM. The bill establishes the value-added  
32 agricultural grant program fund (value-added fund) and  
33 value-added agricultural grant program (value-added program)  
34 (new Code sections 159.31C and 159.31D). The value-added  
35 fund is administered by DALS and includes moneys appropriated

1 by the general assembly, and other moneys available to DALIS,  
2 to support the value-added program. The purpose of the  
3 value-added program is to support projects and services that  
4 add value to agricultural commodities produced on Iowa farms  
5 (e.g., by processing). The program has been enacted and  
6 supported in recent DALIS general appropriations Acts but not  
7 codified (see 2021 Iowa Acts, chapter 143, section 12; 2022  
8 Iowa Acts, chapter 1147, section 12; and 2023 Iowa Acts,  
9 chapter 109, section 4).

10 REGULATION OF COMMERCIAL ESTABLISHMENTS. DALIS regulates  
11 commercial establishments that keep certain nonagricultural  
12 animals for commercial purposes on a nonprofit or profit  
13 basis, including an animal shelter, pound, or research  
14 facility issued a certificate of registration (Code sections  
15 162.3, 162.4, and 162.4A); a pet shop, boarding kennel, or  
16 commercial kennel issued a state license (Code sections 162.5,  
17 162.5A, and 162.6); or a dealer, commercial breeder, or public  
18 auction who may elect to be either issued a state license or  
19 a permit. A permit is issued if the person is licensed under  
20 the federal Animal Welfare Act (7 U.S.C. ch. 54) by the United  
21 States department of agriculture (Code sections 162.7, 162.8,  
22 and 162.9A). Code chapter 162 provides special regulations  
23 applicable to a greyhound dog if used for pari-mutuel wagering  
24 at a licensed racetrack (racing greyhound) (Code chapter 99D).  
25 The bill eliminates those special provisions. Currently, a  
26 person is regulated as a commercial breeder and is subject to  
27 license or permit requirements if the person breeds dogs or  
28 cats in exchange for payment with an exception that applies  
29 to a person who keeps three or fewer breeding greyhounds.  
30 The exception does not apply to a person who breeds racing  
31 greyhounds (Code section 162.2). A person applying for a  
32 state license or permit is required to pay DALIS \$175 with  
33 an exception for a person who keeps racing greyhounds (Code  
34 section 162.2B). A person who keeps greyhounds must be issued  
35 a state license and is subject to a fee established by DALIS

1 rule which is currently \$40 (21 IAC 67.17). A commercial  
2 establishment is required to comply with standard of care  
3 requirements including providing a kept animal with adequate  
4 feed, adequate water, housing facilities, sanitary control,  
5 grooming practices, and veterinary care as required by DAL  
6 rule (Code section 162.10A). A state licensee who is a  
7 commercial breeder keeping a racing greyhound may be required  
8 to comply with different rules adopted by the department.

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