

House Study Bill 588 - Introduced

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

A BILL FOR

1 An Act relating to agriculture, including by providing for
2 the powers and duties of the department of agriculture and
3 land stewardship, including the promotion and regulation of
4 commodities and products; the regulation of the transportation
5 of agricultural commodities; the use of agricultural land; and
6 taxation, including property taxes, excise and sales taxes,
7 and income taxes; making penalties applicable; and including
8 effective date and applicability provisions.
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1

DIVISION I

2 DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP — PROMOTION —

3

RENEWABLE FUEL INFRASTRUCTURE

4 Section 1. Section 159A.16, subsection 3, paragraphs a, b,
5 and c, Code 2026, are amended to read as follows:

6 ~~a. For each fiscal year, not more than one million seven~~
7 ~~hundred fifty thousand dollars shall be allocated to support~~
8 ~~the renewable fuel infrastructure program for retail motor fuel~~
9 ~~sites as provided in section 159A.14 to finance the installation,~~
10 ~~replacement, or conversion of biodiesel infrastructure as~~
11 ~~provided in that section.~~

12 ~~b.~~ a. For each fiscal year, not more than one hundred fifty
13 thousand dollars shall be allocated to the department to support
14 the administration of the programs.

15 ~~e.~~ b. For each fiscal year, the department may use up to
16 three-quarters of one percent of the program funds to market
17 the programs. Otherwise the moneys shall not be transferred,
18 used, obligated, appropriated, or otherwise encumbered except to
19 allocate as financial incentives under the programs.

20

DIVISION II

21 DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP — PROMOTION

22

PART A

23

GENERAL

24 Sec. 2. Section 23A.2, subsection 8, Code 2026, is amended by
25 adding the following new paragraph:

26 NEW PARAGRAPH. p. An activity carried out by the department
27 of agriculture and land stewardship to promote the marketing of
28 Iowa commodities and products, including as provided in chapters
29 159 and 187.

30 Sec. 3. Section 187.201, subsection 3, Code 2026, is amended
31 to read as follows:

32 3. Moneys in the fund are appropriated to the department and
33 shall be used exclusively to administer the programs created
34 in this ~~subchapter~~ chapter as determined and directed by the
35 department, and shall not require further special authorization

1 by the general assembly.

2

PART B

3

CHOOSE IOWA PROMOTION PROGRAMS

4 Sec. 4. Section 187.301, Code 2026, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 1A. The department shall enroll a person as
7 a choose Iowa member who is any of the following:

8 a. Actively participating in the program by producing,
9 processing, or marketing Iowa agricultural products originating
10 as commodities produced on Iowa farms.

11 b. Otherwise supporting the program as required by the
12 department.

13 Sec. 5. Section 187.301, subsection 2, Code 2026, is amended
14 by adding the following new paragraph:

15 NEW PARAGRAPH. c. The department may adopt rules providing
16 for choose Iowa membership criteria.

17 Sec. 6. Section 187.303, subsections 1 and 2, Code 2026, are
18 amended to read as follows:

19 1. A person may apply to the department to ~~participate~~ enroll
20 as a member in the choose Iowa promotional program according to
21 procedures established by rules adopted by the department. The
22 department shall evaluate and approve or disapprove ~~applications~~
23 an application based on criteria established by rules adopted by
24 the department. The department may disapprove an application if
25 the department determines the applicant's use of the choose Iowa
26 logo would be associated with the consumption of an adulterated
27 or illegal food item.

28 2. The department may enter into a licensing agreement with
29 a person ~~participating~~ enrolled as a member in the program.

30 ~~The participating person~~ A member may use the choose Iowa logo
31 to advertise a ~~food item~~ product originating as an agricultural
32 commodity produced on an Iowa farm, subject to terms and
33 conditions required by rules adopted by the department. A
34 licensing agreement shall not be for more than one year.

35 Sec. 7. NEW SECTION. **187.307 Choose Iowa school purchasing**

1 **program.**

2 1. There is created within the department a choose Iowa
3 school purchasing program.

4 2. The department shall administer the program according to
5 all of the following:

6 a. A farm or business shall be eligible to participate in the
7 program if the farm or business is enrolled as a member of the
8 choose Iowa promotional program as provided in this part 1 of
9 subchapter III.

10 b. A school or school district is eligible to participate in
11 the program, if recognized by the department.

12 c. A qualified food product is limited to meat and poultry,
13 dairy products other than milk, grains, flour, eggs, honey, and
14 produce.

15 3. a. An eligible school or school district purchasing a
16 qualified food product from an eligible farm or business shall be
17 reimbursed on a matching basis with the department contributing
18 one dollar for every one dollar expended by the eligible school
19 or school district.

20 b. The department may establish by rule the method and
21 limitations for determining the amount of funding available to
22 each school or school district under this section.

23 c. Notwithstanding paragraph "b", if the department
24 determines that there are not sufficient moneys to satisfy all
25 claims that may be submitted by schools and school districts, the
26 department shall provide for the distribution of the available
27 moneys in a manner determined equitable by the department, which
28 may include a prorated distribution to participating schools and
29 school districts.

30 4. The department may administer the program in cooperation
31 with the department of education and the participating school or
32 school district in which a participating school is located.

33 5. The department may use not more than five percent of the
34 moneys appropriated to support the program in a fiscal year to
35 pay for the costs of administering the program.

1 6. The department shall prepare and submit a report regarding
2 its findings and recommendations to the governor and general
3 assembly not later than July 31 of each year.

4 Sec. 8. Section 187.331, Code 2026, is amended to read as
5 follows:

6 **187.331 Choose Iowa food bank purchasing program.**

7 1. There is created within the department a choose Iowa food
8 bank purchasing program.

9 2. The department shall administer the program according to
10 all of the following requirements:

11 a. A farm or business ~~that owns or operates the farm source~~
12 ~~shall be given a preference to participate in the program if~~
13 ~~the farm or business is currently participating~~ eligible to
14 participate in the program if the farm or business is enrolled
15 as a member in the choose Iowa promotional program as provided in
16 this part 1 of subchapter III. Otherwise, a farm or business may
17 participate in the program if the farm or business has applied
18 to participate in the choose Iowa promotional program and the
19 department determines that the application will be approved.

20 b. An eligible participant is limited to any Iowa food bank
21 or an Iowa emergency feeding organization, recognized by the
22 department.

23 c. A qualified food product is limited to meat and poultry,
24 dairy products, grains, flour, eggs, honey, and produce.

25 ~~3. a. Of the moneys appropriated to support the program in~~
26 ~~a fiscal year, not more than two hundred thousand dollars shall~~
27 ~~be used to reimburse Iowa food banks and Iowa emergency feeding~~
28 ~~organizations.~~

29 ~~b. 3. a.~~ An eligible participant Iowa food bank or an
30 emergency feeding organization purchasing a qualified food
31 product from an eligible farm or business shall be reimbursed on
32 a matching basis with the department contributing one dollar for
33 every one dollar expended by the eligible participant Iowa food
34 bank or emergency feeding organization.

35 ~~e. b.~~ An Iowa food bank or Iowa emergency feeding

1 organization shall not receive more than fifty thousand dollars
2 per fiscal year for participating in the program.

3 4. c. The department may use not more than five percent of
4 the moneys appropriated to support the program in a fiscal year
5 to pay for the costs of administering the program.

6 5. 4. The department shall prepare and submit a report
7 regarding its findings and recommendations to the governor and
8 general assembly not later than ~~January 15~~ July 31 of each year.

9 ~~6. This section is repealed July 1, 2030.~~

10 Sec. 9. Section 190A.2, subsection 7, Code 2026, is amended
11 by striking the subsection.

12 Sec. 10. Section 190A.5, subsection 3, Code 2026, is amended
13 to read as follows:

14 3. Moneys in the fund are appropriated to support the
15 farm-to-school program in a manner determined by the department,
16 including for reasonable administrative costs incurred by the
17 department. However, the department shall not expend more than
18 four percent of moneys existing at any one time in the fund
19 during each fiscal year for purpose of paying costs associated
20 with the administration of the program and fund incurred by
21 the department during that fiscal year. Moneys expended from
22 the fund shall not require further special authorization by the
23 general assembly.

24 Sec. 11. REPEAL. Section 190A.6, Code 2026, is repealed.

25 Sec. 12. CODE EDITOR DIRECTIVE.

26 1. The Code editor is directed to make the following
27 transfers:

28 a. Section 187.331 to section 187.308.

29 b. Section 159.25 to section 187.309.

30 2. The Code editor shall correct internal references in the
31 Code and in any enacted legislation as necessary due to the
32 enactment of this section.

33 PART C

34 INNOVATION AND REVITALIZATION PROGRAMS

35 Sec. 13. Section 187.311, Code 2026, is amended by adding the

1 following new subsection:

2 NEW SUBSECTION. 5A. The department may give priority to an
3 applicant who is a beginning farmer.

4 Sec. 14. NEW SECTION. **187.315 Butchery innovation and**
5 **revitalization program.**

6 1. A butchery innovation and revitalization program is
7 created within the department. The purpose of the program is
8 to promote the development, modernization, and expansion of this
9 state's butchery industry.

10 2. In administering the program, the department shall award
11 financial assistance to eligible businesses to support projects
12 that do one or more of the following:

13 a. To expand or refurbish an existing, or to establish a new,
14 state-inspected small-scale meat processing business.

15 b. To expand or refurbish an existing, or to establish a new,
16 federally inspected small-scale meat processing business.

17 c. To expand or refurbish an existing, or to establish a new,
18 licensed custom locker.

19 d. To expand or refurbish an existing, or to establish a
20 new, mobile slaughter unit that operates in compliance with
21 the most current mobile slaughter unit compliance guide issued
22 by the United States department of agriculture food safety and
23 inspection service.

24 e. To rent buildings, refrigeration facilities, freezer
25 facilities, or equipment necessary to expand processing
26 capacity, including mobile slaughter or refrigeration units used
27 exclusively for meat or poultry processing.

28 3. The department shall establish eligibility criteria for
29 the program. The eligibility criteria must include all of the
30 following:

31 a. The business must be located in this state.

32 b. The business must not have been subject to any
33 regulatory enforcement action related to federal, state, or local
34 environmental, worker safety, food processing, or food safety
35 laws, rules, or regulations within the last five years.

1 c. The business must only employ individuals legally
2 authorized to work in this state.

3 d. The business must not currently be in bankruptcy.

4 e. The business must employ less than two hundred full-time
5 nonseasonal individuals.

6 4. An eligible business seeking financial assistance under
7 this section shall make application to the department in the
8 manner and on forms prescribed by the department.

9 5. Applications for financial assistance under this section
10 shall be accepted during one or more annual application periods
11 established by the department. Upon reviewing and scoring all
12 applications that are received during an application period,
13 and subject to the availability of moneys, the department may
14 award financial assistance to eligible businesses. A financial
15 assistance award shall not exceed the amount of eligible project
16 costs included in the eligible business's application. Priority
17 shall be given to eligible businesses whose proposed project or
18 projects under subsection 2 are most likely to do one or more of
19 the following:

20 a. Create new jobs.

21 b. Create or expand opportunities for local small-scale
22 farmers to market processed meat under private labels.

23 c. Provide greater flexibility or convenience for local
24 small-scale farmers to have animals processed.

25 6. An eligible business that is awarded financial assistance
26 under this section may apply for financial assistance under other
27 programs administered by the department.

28 Sec. 15. REPEAL. Section 15E.370, Code 2026, is repealed.

29 DIVISION III

30 DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP REGULATION —

31 ANIMAL HEALTH

32 Sec. 16. Section 163.1, Code 2026, is amended by adding the
33 following new subsection:

34 NEW SUBSECTION. 7A. Lease facilities in order to carry out
35 and administer the provisions of this chapter related to an

1 infectious or contagious disease or a foreign animal disease
2 preparedness and response effort.

3 Sec. 17. **NEW SECTION. 163.2B Confidentiality.**

4 1. Notwithstanding section 22.7, all information and records
5 relating to an infectious or contagious disease received
6 or collected by the department pursuant to this chapter,
7 including rules adopted under this chapter by the department, is
8 confidential to the extent it identifies any of the following:

9 a. The name, address, and contact information of any person
10 owning or caring for an animal suspected of or being affected
11 with any infectious or contagious disease.

12 b. Any location where an animal suspected of or being
13 affected with any infectious or contagious disease has been kept.

14 c. Information that when considered together leads to the
15 identity of a person described in paragraph "a" or a location or
16 premises described in paragraph "b".

17 2. Notwithstanding subsection 1, the department, in acting as
18 the lawful custodian of the confidential record, may disclose the
19 record or any part of the record if it is deemed necessary by the
20 state veterinarian to protect the public health or the health or
21 well-being of animals within the state.

22 DIVISION IV

23 DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP — REGULATION —
24 WEIGHTS AND MEASURES

25 Sec. 18. Section 210.1, Code 2026, is amended to read as
26 follows:

27 **210.1 ~~Standard established~~ Weights and measures standards —**
28 **compliance with federal law.**

29 ~~The weights and measures which have been presented by the~~
30 ~~department to the United States national institute of standards~~
31 ~~and technology and approved, standardized, and certified by~~
32 ~~the institute in accordance with the laws of the Congress of~~
33 ~~the United States shall be the standard weights and measures~~
34 ~~throughout the state regulated under this chapter shall conform~~
35 ~~with Iowa's state primary standard of weights and measures as~~

1 described in section 215.1B.

2 Sec. 19. Section 213.1, Code 2026, is amended to read as
3 follows:

4 **213.1 State metrologist.**

5 ~~The department secretary of agriculture may designate one~~
6 ~~of its assistants the bureau chief of the department's weights~~
7 ~~and measures bureau to act as state metrologist of weights~~
8 ~~and measures. All weights and measures sealed by the state~~
9 ~~metrologist shall be impressed with the word "Iowa." The~~
10 ~~bureau chief is the appropriate state official responsible~~
11 ~~for cooperating with the national institute of standards and~~
12 ~~technology as defined in section 215.1 and in the administration~~
13 ~~of weights and measures as regulated in this subtitle.~~

14 Sec. 20. Section 213.2, Code 2026, is amended to read as
15 follows:

16 **213.2 Physical United States standards — conformity.**

17 ~~Weights and measures, which conform to the standards of the~~
18 ~~United States national institute of standards and technology~~
19 ~~existing as of January 1, 1979, that are metrologically traceable~~
20 ~~to the United States standards supplied by the federal government~~
21 ~~or approved as being in compliance with its standards recognized~~
22 ~~by the national bureau institute of standards and technology~~
23 ~~shall be the Iowa's state primary standard of weights and~~
24 ~~measures as verified by the department. Such The traceable~~
25 ~~standards of weights and measures shall be verified upon their~~
26 ~~initial receipt of same by the department and as often as~~
27 ~~deemed necessary by the secretary of agriculture department. The~~
28 ~~secretary department may provide for the alteration in revise~~
29 ~~the state primary standard of weights and measures in order to~~
30 ~~maintain metrological traceability with the standard standards of~~
31 ~~the United States national institute of standards and technology.~~
32 ~~All such alterations The verification or revision shall be made~~
33 ~~pursuant to rules promulgated adopted by the secretary department~~
34 ~~in accordance with chapter 17A.~~

35 Sec. 21. Section 214.3, subsection 1, Code 2026, is amended

1 to read as follows:

2 1. A license fee is imposed on a person who uses or displays
3 for use a commercial weighing and measuring device. The license
4 fee is due the day the department issues the license. The amount
5 of the license fee shall be calculated in accordance with the
6 class or section for devices as established by handbook 44 of the
7 ~~United States~~ national institute of standards and technology.

8 Sec. 22. Section 215.1, subsection 1, Code 2026, is amended
9 to read as follows:

10 1. a. "Commercial weighing and measuring device" or "device"
11 means a weight or measure or weighing or measuring device used to
12 establish size, quantity, area or other quantitative measurement
13 of a commodity sold by weight or measurement, or ~~where~~ when the
14 price to be paid for producing the commodity is based upon the
15 weight or measurement of the commodity. ~~The term~~

16 b. "Commercial weighing and measuring device" includes ~~an~~ any
17 of the following:

18 (1) An accessory attached to or used in connection with
19 a commercial weighing or measuring device when the accessory
20 is so designed or installed that its operation may affect the
21 accuracy of the device. ~~"Commercial weighing and measuring~~
22 ~~device" includes a~~

23 (2) A public scale or a commercial scanner.

24 Sec. 23. Section 215.1, Code 2026, is amended by adding the
25 following new subsection:

26 NEW SUBSECTION. 3A. "National institute of standards and
27 technology" means the national institute of standards and
28 technology established within the United States department of
29 commerce pursuant to 15 U.S.C. §272.

30 Sec. 24. Section 215.1A, Code 2026, is amended to read as
31 follows:

32 **215.1A Inspections.**

33 1. The ~~Except~~ as otherwise expressly provided by statute, the
34 department shall regularly of agriculture and land stewardship
35 may inspect all any commercial weighing and measuring devices,

1 ~~and when~~ device. If the department receives a complaint ~~is made~~
2 ~~to the department that any false or incorrect~~ alleging weights
3 or measures are being made inaccurately recorded by a device, the
4 department shall inspect the ~~commercial weighing and measuring~~
5 ~~devices which caused the complaint~~ device.

6 2. The department may inspect a prepackaged goods good to
7 determine the accuracy of ~~their~~ its recorded ~~weights~~ weight.

8 3. a. The department may order the owner of the device or a
9 service agency that installed, serviced, or repaired the device,
10 to deliver to the department one or more of the service agency's
11 most recent test reports documenting the device's accuracy.

12 b. (1) Except as provided in subparagraph (2), the delivery
13 of a report may be in lieu of an inspection.

14 (2) The department shall provide for an inspection of any of
15 the following:

16 (a) A motor fuel pump as required in section 214.11.

17 (b) A moisture-measuring device as required in section
18 215A.2.

19 (c) A charging station dispensing electric fuel as required
20 in section 452A.41.

21 Sec. 25. Section 215.14, subsection 3, Code 2026, is amended
22 to read as follows:

23 3. Before approval by the department, the specifications for
24 a commercial weighing and measuring device shall be furnished to
25 the purchaser of the device by the manufacturer. The approval
26 shall be based upon the recommendation of the ~~United States~~
27 national institute of standards and technology.

28 Sec. 26. Section 215.19, Code 2026, is amended to read as
29 follows:

30 **215.19 Automatic recorders on scales.**

31 Except for ~~scales~~ a scale used by ~~packers~~ a packer
32 slaughtering fewer than one hundred twenty head of livestock
33 per day, ~~all scales~~ a scale with a capacity over five hundred
34 pounds, ~~which are used for commercial purposes,~~ in this state,
35 ~~and installed after January 1, 1981,~~ shall be equipped with a

1 type-registering weigh beam, a dial with a mechanical ticket
2 printer, an automatic weight recorder, or some similar commercial
3 weighing and measuring device, which shall be used for printing
4 or stamping the weight values on scale tickets. A scale or
5 similar device equipped with a malfunctioning automatic weight
6 recorder ~~may~~ shall not be used for ~~not~~ more than seven days
7 if the scale or similar device is unable to print or stamp
8 the ticket ~~so long as~~ and only if a repair to the automatic
9 recorder is immediately initiated and the user dates, signs,
10 and accurately handwrites the required information on the ticket
11 until the scale or similar device is operational.

12 Sec. 27. Section 215.23, subsection 2, Code 2026, is amended
13 to read as follows:

14 2. In determining a servicer's qualifications, the department
15 may consider the specifications of the ~~United States~~
16 national institute of standards and technology, handbook 44,
17 "Specifications, Tolerances, and Technical Requirements for
18 Weighing and Measuring Devices", or the current successor or
19 equivalent specifications adopted by the ~~United States~~ national
20 institute of standards and technology.

21 Sec. 28. Section 452A.40, Code 2026, is amended by adding the
22 following new subsection:

23 NEW SUBSECTION. 5A. "*National institute of standards and*
24 *technology*" means the same as defined in section 215.1.

25 Sec. 29. REPEAL. Sections 213.3 and 213.7, Code 2026, are
26 repealed.

27 Sec. 30. CODE EDITOR DIRECTIVE.

28 1. The Code editor is directed to make the following
29 transfers:

- 30 a. Section 213.1 to section 215.1B.
- 31 b. Section 213.2 to section 215.1C.
- 32 c. Section 215.18 to section 215.1D.
- 33 d. Section 215.1A to section 215.1E.

34 2. The Code editor shall correct internal references in the
35 Code and in any enacted legislation as necessary due to the

1 enactment of this section.

2 DIVISION V
3 DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP REGULATION —
4 GRAIN MARKETING
5 PART A
6 GRAIN DEALERS

7 Sec. 31. Section 203.3, subsection 4, paragraph b, Code 2026,
8 is amended to read as follows:

9 b. (1) The grain dealer shall submit to the department,
10 as required by the department, a financial statement that
11 is accompanied by an unqualified opinion based upon an audit
12 performed by a certified public accountant licensed in this
13 state.

14 (2) Notwithstanding subparagraph (1), if a grain dealer does
15 not purchase grain by credit-sale contract, the department may
16 accept any of the following:

17 (a) A qualification in an opinion based on an audit that
18 is unavoidable by any audit procedure that is permitted under
19 generally accepted accounting principles. An opinion that is
20 qualified because of a limited audit procedure or because the
21 scope of an audit is limited shall not be accepted by the
22 department.

23 (b) A financial statement that is accompanied by the report
24 of a certified public accountant licensed in this state. The
25 report must be based upon a review performed by the certified
26 public accountant. The report shall be in lieu of an unqualified
27 opinion based on an audit. However, at any time, upon good
28 cause, the department may require the grain dealer to submit
29 to the department a subsequent financial statement that is
30 accompanied by the report.

31 (3) The department shall not require ~~that~~ a grain dealer to
32 submit to the department more than one such unqualified opinion
33 based on an audit per year.

34 (4) A grain dealer shall submit one or more financial
35 statements to the department in addition to the financial

1 statement accompanied by an unqualified opinion based on an audit
2 as required in this paragraph if the department determines that
3 it is necessary to verify the grain dealer's financial status or
4 compliance with this section.

5 Sec. 32. Section 203.3, subsection 5, paragraph b, Code 2026,
6 is amended to read as follows:

7 b. (1) The grain dealer shall submit to the department,
8 as required by the department, a financial statement that
9 is accompanied by an unqualified opinion based upon an audit
10 performed by a certified public accountant licensed in this
11 state.

12 (2) Notwithstanding subparagraph (1), the department may
13 accept any of the following:

14 (a) A qualification in an opinion based on an audit that
15 is unavoidable by any audit procedure that is permitted under
16 generally accepted accounting principles. An opinion that is
17 qualified because of a limited audit procedure or because the
18 scope of an audit is limited shall not be accepted by the
19 department.

20 (b) A financial statement that is accompanied by the report
21 of a certified public accountant licensed in this state. The
22 report must be based upon a review performed by the certified
23 public accountant. The report shall be in lieu of an unqualified
24 opinion based on an audit. However, at any time, upon good
25 cause, the department may require the grain dealer to submit
26 to the department a subsequent financial statement that is
27 accompanied by the report.

28 (3) The department shall not require ~~that~~ a grain dealer to
29 submit to the department more than one ~~such~~ unqualified opinion
30 based on an audit per year.

31 (4) A grain dealer shall submit one or more financial
32 statements to the department in addition to the financial
33 statement accompanied by an unqualified opinion based on an audit
34 required in this paragraph if the department determines that it
35 is necessary to verify the grain dealer's financial status or

1 compliance with this section.

2 Sec. 33. Section 203.8, subsection 2, paragraph a, Code 2026,
3 is amended to read as follows:

4 a. (1) "Delivery" Subject to subparagraph (2), "delivery"
5 means the transfer of title to and possession of grain by a
6 seller to a grain dealer or to another person in accordance with
7 the terms of an agreement of by the seller and the grain dealer.

8 (2) Unless title to grain was previously transferred pursuant
9 to an ordinary cash sale contract, title to grain sold by
10 credit-sale contract is deemed to have transferred to the grain
11 dealer, or to another person in accordance with the terms of the
12 credit-sale contract, when all of the following occurs:

13 (a) The credit-sale contract is signed by both the grain
14 dealer and the seller.

15 (b) The grain dealer or the other person has possession
16 of the grain in accordance with the terms of the credit-sale
17 contract.

18 PART B

19 GRAIN OPERATORS

20 Sec. 34. Section 203C.6, subsection 4, paragraph b, Code
21 2026, is amended to read as follows:

22 b. (1) The warehouse operator shall submit to the
23 department, as required by the department, a financial statement
24 that is accompanied by an unqualified opinion based upon an
25 audit performed by a certified public accountant licensed in this
26 state.

27 (2) Notwithstanding subparagraph (1), the department may
28 accept any of the following:

29 (a) A qualification in an opinion based on an audit that
30 is unavoidable by any audit procedure that is permitted under
31 generally accepted accounting principles. An opinion that is
32 qualified because of a limited audit procedure or because the
33 scope of an audit is limited shall not be accepted by the
34 department.

35 (b) A financial statement that is accompanied by the report

1 of a certified public accountant licensed in this state. The
2 report must be based upon a review performed by the certified
3 public accountant. The report shall be in lieu of an unqualified
4 opinion based on an audit. However, at any time, upon good
5 cause, the department may require the warehouse operator to
6 submit to the department a subsequent financial statement that is
7 accompanied by the report.

8 (3) The department shall not require ~~that~~ a warehouse
9 operator to submit to the department more than one ~~such~~
10 unqualified opinion based on an audit per year.

11 (4) A warehouse operator shall submit one or more financial
12 statements to the department in addition to the financial
13 statement accompanied by an unqualified opinion based on an audit
14 as required in this paragraph if the department determines that
15 it is necessary to verify the warehouse operator's financial
16 status or compliance with this section.

17 Sec. 35. Section 203C.6, subsection 5, paragraph b, Code
18 2026, is amended to read as follows:

19 b. (1) The warehouse operator shall submit to the
20 department, as required by the department, a financial statement
21 that is accompanied by an unqualified opinion based upon an
22 audit performed by a certified public accountant licensed in this
23 state.

24 (2) Notwithstanding subparagraph (1), the department may
25 accept any of the following:

26 (a) A qualification in an opinion based on an audit that
27 is unavoidable by any audit procedure that is permitted under
28 generally accepted accounting principles. An opinion that is
29 qualified because of a limited audit procedure or because the
30 scope of an audit is limited shall not be accepted by the
31 department.

32 (b) A financial statement that is accompanied by the report
33 of a certified public accountant licensed in this state. The
34 report must be based upon a review performed by the certified
35 public accountant. The report shall be in lieu of an unqualified

1 opinion based on an audit. However, at any time, upon good
2 cause, the department may require the warehouse operator to
3 submit to the department a subsequent financial statement that is
4 accompanied by the report.

5 (3) The department shall not require ~~that~~ a warehouse
6 operator to submit more than one ~~such~~ unqualified opinion based
7 on an audit per year.

8 (4) A warehouse operator shall submit one or more financial
9 statements to the department in addition to the financial
10 statement accompanied by an unqualified opinion based on an audit
11 as required in this paragraph if the department determines that
12 it is necessary to verify the warehouse operator's financial
13 status or compliance with this section.

14 PART C

15 GRAIN DEPOSITORS AND SELLERS INDEMNIFICATION

16 Sec. 36. Section 203D.3A, subsection 2, Code 2026, is amended
17 by adding the following new paragraph:

18 NEW PARAGRAPH. e. (1) If the per-bushel fee is passed on to
19 a seller, the per-bushel fee shall occur at the time of payment.

20 (2) As used in subparagraph (1), "payment" means the same as
21 defined in section 203.8.

22 Sec. 37. Section 203D.6, subsection 8, paragraph a, Code
23 2026, is amended to read as follows:

24 a. Upon a determination by the board that an eligible claim
25 satisfies the requirements in subsection 4, the board shall
26 indemnify the claimant as a depositor under subsection 5, and a
27 seller under subsection 6. Upon a determination by the board
28 that an eligible repayment claim was filed by that seller under
29 section 203D.6A, ~~derives from the same covered transaction during~~
30 ~~the claim period, and the repayment loss incurred for that claim,~~
31 the board shall indemnify the claimant as ~~a seller~~ subject to the
32 requirements of this section and ~~section 203D.6A.~~

33 Sec. 38. Section 203D.6A, subsection 2, Code 2026, is amended
34 to read as follows:

35 2. To be timely, a seller must file a repayment claim with

1 the department not later than sixty days after the amount of the
2 seller's loss is finalized by a bankruptcy court, whether by an
3 order issued, judgment entered, or settlement agreement approved.
4 However, if a seller's loss is based upon a bankruptcy court's
5 default judgment, to be timely, the seller must file a repayment
6 claim with the department not later than sixty days after the
7 bankruptcy court's default judgment is entered or a subsequent
8 settlement agreement is approved and entered, whichever is later.

9 DIVISION VI

10 DEPARTMENT OF TRANSPORTATION REGULATION — MOTOR VEHICLES

11 PART A

12 MILK HAULERS

13 Sec. 39. Section 321E.29B, subsection 1, Code 2026, is
14 amended to read as follows:

15 1. Notwithstanding section 321E.8, the department
16 permit-issuing authority may issue annual permits for the
17 operation of vehicles or combinations of vehicles transporting
18 fluid milk products to or from a milk plant, receiving station,
19 or transfer station, exceeding the weight limitation of section
20 321.463 but not exceeding a gross weight of ~~ninety-six~~ one
21 hundred thirty-six thousand pounds, ~~on primary roads and primary~~
22 ~~road extensions in cities.~~ The department shall establish rules
23 regarding minimum distances for axle configurations.

24 Sec. 40. EFFECTIVE DATE. This part of this division of this
25 Act takes effect January 1, 2027.

26 PART B

27 IMPLEMENTS OF HUSBANDRY

28 Sec. 41. Section 321.457, subsection 2, paragraph f, Code
29 2026, is amended to read as follows:

30 *f.* (1) A trailer or semitrailer, laden or unladen, shall
31 not have an overall length in excess of fifty-three feet when
32 operating in a truck tractor-semitrailer combination exclusive of
33 retractable extensions used to support the load. However, when a
34 trailer or semitrailer is used exclusively for the transportation
35 of passenger vehicles, light delivery trucks, panel delivery

1 trucks, pickup trucks, recreational vehicle chassis, or boats,
2 the load carried on the trailer or semitrailer may extend up to
3 three feet beyond the front bumper and up to four feet beyond the
4 rear bumper of the trailer or semitrailer.

5 (2) A lowboy semitrailer, laden or unladen, ~~which~~ that is
6 designed and exclusively used for the transportation of either
7 construction equipment or an implement of husbandry shall not
8 have an overall length in excess of fifty-seven feet when used
9 in a truck tractor-semitrailer combination.

10 DIVISION VII

11 AGRICULTURAL TOURISM

12 Sec. 42. Section 673A.3, subsection 6, paragraph b, Code
13 2026, is amended to read as follows:

14 b. "Farm" includes but is not limited to a farm field,
15 orchard, tree farm, nursery, greenhouse, garden, elevator,
16 seedhouse, barn, warehouse, animal feeding operation structure,
17 winery, brewery, distillery, or any personal property located on
18 the land including machinery or equipment used in the production
19 of a farm commodity.

20 Sec. 43. Section 673A.3, subsection 9, Code 2026, is amended
21 to read as follows:

22 9. "Farm crop" means a plant or fungus used for food, animal
23 feed, fiber, ~~or~~ oil, energy, or decoration, including any of the
24 following:

25 a. A forage or cereal plant, including but not limited to
26 alfalfa, barley, buckwheat, corn, flax, forage, millet, oats,
27 popcorn, rye, sorghum, soybeans, sunflowers, wheat, and grasses
28 used for forage or silage.

29 b. Edible or ornamental produce, including but not limited
30 to fruit such as apples, cherries, peaches, pears, berries, and
31 grapes; vegetables such as asparagus, broccoli, and carrots;
32 lentils; tubers; squashes and pumpkins; gourds; maple syrup;
33 mushrooms; Christmas trees; and flowers.

34 c. Lumber, logs, pulpwood, and cordwood.

35 DIVISION VIII

1 LAND USE

2 Sec. 44. Section 335.2, Code 2026, is amended by adding the
3 following new subsection:

4 NEW SUBSECTION. 4. As used in subsection 1, an agricultural
5 purpose includes but is not limited to an agricultural
6 tourism activity or event, value-added agricultural processing,
7 direct-to-consumer marketing, or other farm-based enterprise that
8 supports the economic viability of a farm.

9 Sec. 45. Section 335.28, Code 2026, is amended to read as
10 follows:

11 **335.28 Agricultural experiences experience.**

12 1. a. For purposes of this section, "agricultural
13 experience" includes but is not limited to any
14 agriculture-related activity, or agriculture-related event, as a
15 that constitutes a secondary use in conjunction with agricultural
16 production, on a farm which if the agriculture-related activity,
17 or agriculture-related event, is located on a farm and open
18 to the public with for the intended purpose of promoting or
19 educating the public about agriculture, agricultural practices,
20 agricultural activities, or agricultural products.

21 b. "Agricultural experience" also includes agricultural
22 tourism activities and events, such as recreational,
23 entertainment, dining, celebratory, and overnight lodging
24 opportunities offered on a working farm, so long as the farm's
25 primary use remains agricultural production.

26 2. To assist in the promotion of agricultural experiences,
27 a county shall not require a conditional use permit, special
28 use permit, special exception, or variance for an agricultural
29 experiences experience on property of which the primary use is
30 agricultural production.

31 Sec. 46. EFFECTIVE DATE. This division of this Act, being
32 deemed of immediate importance, takes effect upon enactment.

33 Sec. 47. APPLICABILITY. Any conditional use permit, special
34 use permit, special exception, or variance described in section
35 335.28, as amended by this division of this Act, is void and

1 unenforceable.

2 DIVISION IX

3 PROPERTY TAX EXEMPTION — QUALIFIED ABOVEGROUND STORAGE TANKS

4 Sec. 48. Section 427A.1, Code 2026, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 6A. Notwithstanding the other provisions of
7 this section, an aboveground storage tank with a capacity of
8 ninety-one thousand gallons or less, no matter the use or
9 intended use on the subject property, shall not be assessed and
10 taxed as real property.

11 Sec. 49. IMPLEMENTATION. Section 25B.7 shall not apply to
12 this division of this Act.

13 Sec. 50. EFFECTIVE DATE. This division of this Act, being
14 deemed of immediate importance, takes effect upon enactment.

15 Sec. 51. RETROACTIVE APPLICABILITY. This division of this
16 Act applies retroactively to assessment years beginning on or
17 after January 1, 2026.

18 DIVISION X

19 EXCISE TAX ELIMINATION — GRAIN HANDLING

20 Sec. 52. Section 445.3, subsection 2, Code 2026, is amended
21 to read as follows:

22 2. a. The commencement of actions for ad valorem taxes
23 authorized under this section shall not begin until the issuance
24 of a tax sale certificate under the requirements of section
25 446.19. The commencement of actions for all other taxes
26 authorized under this section shall not begin until ten days
27 after the publication of tax sale under the requirements of
28 section 446.9, subsection 2. ~~This subsection~~

29 b. Paragraph "a" does not apply to the collection of ad
30 valorem taxes under section 445.32, ~~and grain handling taxes~~
31 ~~under section 428.35.~~

32 Sec. 53. REPEAL. Section 428.35, Code 2026, is repealed.

33 Sec. 54. IMPLEMENTATION. Section 25B.7 shall not apply to
34 the property tax exemption enacted in this Act.

35 Sec. 55. APPLICABILITY. This division of this Act applies to

1 tax years beginning on or after January 1, 2027.

2 DIVISION XI

3 SALES AND USE TAX EXEMPTION — HONEYBEES

4 Sec. 56. Section 423.3, Code 2026, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 111. The sales price of honeybees.

7 DIVISION XII

8 INCOME TAX EXEMPTIONS

9 PART A

10 FARM TENANCIES

11 Sec. 57. Section 422.7, subsection 14, paragraph e, Code
12 2026, is amended by striking the paragraph and inserting in lieu
13 thereof the following:

14 e. Net income from a farm tenancy agreement earned, received,
15 or reported by an entity taxed as a disregarded entity,
16 partnership for federal tax purposes, an S corporation, a
17 trust, or estate is eligible for the election and deduction
18 in this subsection for the portion of net income derived from
19 a farm tenancy agreement if the eligible individual receives
20 or is entitled to receive the portion of net income through
21 distributions from an entity taxed as a disregarded entity, a
22 partnership, an S corporation, a trust, or an estate, to the
23 same extent that an eligible individual could subtract net income
24 received directly from the farm tenant rather than passing to
25 the eligible individual through an entity taxed as a disregarded
26 entity, a partnership, an S corporation, a trust, or an estate.
27 For purposes of this paragraph, net income accruing to a grantor
28 trust or to a business entity that is a disregarded entity shall
29 be deemed to have been distributed to its sole owner to the
30 extent the sole owner of such disregarded entity or trust has the
31 right to withdraw or compel distribution of such net income.

32 Sec. 58. EFFECTIVE DATE. This part of this division of this
33 Act takes effect January 1, 2027.

34 Sec. 59. APPLICABILITY. This part of this division of this
35 Act applies to tax years beginning on or after January 1, 2027.

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PART B

VETERINARY PRACTICE

Sec. 60. Section 422.7, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 46. a. Subtract, to the extent included, loan repayments received under a program agreement entered into by a taxpayer who is a loan repayment recipient and the Iowa college student aid commission pursuant to section 256.226, if the taxpayer fulfils the obligation to engage in practice of veterinary medicine according to terms of that section and the program agreement.

b. The subtraction in paragraph "a" shall not exceed the following limits:

(1) For any tax year, fifteen thousand dollars.

(2) For the aggregate of all tax years, sixty thousand dollars.

(3) In any case, the amount of the outstanding eligible loan.

EXPLANATION

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

GENERAL. This bill amends a number of Code chapters relating to agriculture, including providing for the powers and duties of the department of agriculture and land stewardship (DALs). The bill provides for the promotion and regulation of commodities and regulation by DALs, including fees, and the transportation of agricultural items by the department of transportation (DOT). The bill provides for the use of agricultural land, including agricultural tourism. The bill also provides for taxation, including property taxes, the excise tax, the sales and use tax, and income tax.

DIVISION I — DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP — PROMOTION — RENEWABLE FUEL INFRASTRUCTURE — BACKGROUND. Code chapter 159A, subchapter II, authorizes DALs to administer a renewable fuel infrastructure program for retail motor fuel sites (Code section 159.14) and a renewable fuel infrastructure

1 program for biodiesel terminal facilities (Code section 159A.15).
2 The purpose of the program is to finance the improvement of
3 facilities used to store, blend, or dispense renewable fuels,
4 commonly derived from corn or soybeans. The programs are
5 supported by the renewable fuel infrastructure fund (Code section
6 159A.16), which is appropriated \$5 million each fiscal year (Code
7 section 159.17).

8 DIVISION I — DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP
9 — PROMOTION — RENEWABLE FUEL INFRASTRUCTURE — BILL'S
10 PROVISIONS. This division increases the amount of moneys
11 appropriated from the renewable fuel infrastructure fund each
12 fiscal year for administrative costs incurred by DALs from
13 \$100,000 to \$150,000.

14 DIVISION II — DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP
15 — PROMOTION — BACKGROUND. Code chapter 189 authorizes DALs to
16 administer a number of programs providing for the promotion of
17 agriculture in this state. The Code chapter provides for the
18 financing of the programs, including the creation of a choose
19 Iowa fund (Code section 187.201). The Code chapter provides for
20 a choose Iowa promotional program that supports the marketing
21 of agricultural commodities and processed products originating
22 from Iowa farms (Code section 187.301). The choose Iowa program
23 allows a person to register as a seller of Iowa commodities and
24 products and receives the right to use a legally protected logo
25 under a paid license (Code sections 187.302 and 187.303). The
26 Code chapter includes a choose Iowa food purchasing program that
27 supports Iowa food banks and emergency feeding operations (Code
28 section 187.311). A farm or business enrolled in the choose Iowa
29 program is provided a preference to participate in the choose
30 Iowa food purchasing program. Under Code chapter 190A, DALs
31 also administers a farm-to-school program to support schools and
32 school districts in purchasing food products derived from food
33 commodities produced on Iowa farms (Code section 190A.6). A
34 dairy innovation program authorizes DALs to provide financing to
35 an eligible business in the form of a grant, low-interest loan,

1 or forgivable loan in order to expand dairy processing capacity
2 in Iowa (Code section 187.311).

3 PART A — GENERAL — BILL'S PROVISIONS. This part creates
4 an exception to a provision that restricts state agencies from
5 engaging in an activity that competes with a private enterprise
6 (Code section 23A.2). The part amends the choose Iowa program
7 by providing for the enrollment of persons actively engaged in
8 producing, processing, or marketing Iowa agricultural products.

9 PART B — CHOOSE IOWA PROMOTIONAL PROGRAMS — BILL'S
10 PROVISIONS. Under this part, DALs may adopt administrative rules
11 providing for criteria for enrollment in the choose Iowa
12 promotion program. The part establishes a choose Iowa school
13 purchasing program based on the farm-to-school program, which is
14 eliminated. Under the new program, an eligible participant is
15 reimbursed on a matching basis with DALs contributing \$1 for
16 every \$1 expended by the eligible participant. The division
17 renames the choose Iowa food purchasing program to the choose
18 Iowa food bank program. The part provides that to participate
19 in the program, a farm or business must be enrolled as a member
20 of the choose Iowa promotional program. The part eliminates a
21 provision providing that not more than \$200,000 may be used by
22 DALs to reimburse Iowa food banks and Iowa emergency feeding
23 organizations. The part eliminates a provision that terminates
24 the program on July 1, 2030. Finally, the part transfers several
25 Code sections including Code section 159.25, which establishes an
26 Iowa seal for agricultural products.

27 PART C — INNOVATION AND REVITALIZATION PROGRAMS — BILL'S
28 PROVISIONS. This part provides priority to a beginning
29 farmer applying to participate in the dairy innovation and
30 revitalization program. The part creates a butchery innovation
31 revitalization program, modeled on the dairy innovation
32 and revitalization program, that promotes the development,
33 modernization, and expansion of this state's butchery industry.
34 The part also eliminates a similar program administered by the
35 economic development authority (Code section 15E.370).

1 DIVISION III — DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP
2 REGULATION — ANIMAL HEALTH — BACKGROUND. Code chapter 163
3 authorizes DALs to regulate animal health and specifically
4 control infectious or contagious diseases (disease) afflicting
5 livestock populations (Code chapter 163). The term "control"
6 refers to prevention, suppression, or eradication efforts (Code
7 section 163.2).

8 DIVISION III — ANIMAL HEALTH — BILL'S PROVISIONS. This
9 division authorizes DALs to lease facilities in order to control
10 an infectious or contagious disease or provide for a foreign
11 animal disease preparedness and response effort (Code section
12 162.2A). The division also provides that notwithstanding Code
13 chapter 22, information collected by DALs relating to such
14 disease is confidential, if the information identifies the name,
15 address, and contact information of a person owning or caring for
16 an animal suspected of or being affected with a disease; or any
17 location where an animal suspected of or being affected with the
18 disease has been kept.

19 DIVISION IV — DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP
20 REGULATION — WEIGHTS AND MEASURES — BACKGROUND. DALs is
21 authorized to regulate standard weights and measures under a
22 number of Code chapters, with many of its provisions first
23 published in the 1851 Code (Code chapters 210, 213, 214, and
24 215). Generally, standards must comply with or be supplied
25 by the federal government or approved as being in compliance
26 with those established by a United States agency, the national
27 institute of standards and technology (NIST). Many of Iowa's
28 Code provisions regulating standards provide for the inspection
29 of commercial weighing and measuring devices that are used
30 to establish size, quantity, area, or another quantitative
31 measurement of a commodity when sold (Code section 215.1).

32 DIVISION IV — DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP
33 — REGULATION — WEIGHTS AND MEASURES — BILL'S PROVISIONS. This
34 division provides that the secretary of agriculture may designate
35 the bureau chief of the department's weights and measures

1 bureau to act as the state metrologist of weights and measures
2 (Code section 213.1). The state metrologist is authorized to
3 cooperate with NIST. A provision requiring all weights and
4 measures sealed by the state metrologist to be impressed with
5 the word "Iowa" is eliminated. The division provides that DAL
6 is no longer required to inspect all commercial weighing and
7 measuring devices unless it receives a complaint (Code section
8 215.1A). In lieu of an inspection, DAL may order the owner
9 of the device or a service agency that installed, serviced,
10 or repaired the device, to deliver to DAL one or more of
11 the service agency's most recent test reports documenting the
12 device's accuracy. Several exceptions apply that require the
13 inspection of a device including a motor fuel pump (Code section
14 214.11), a moisture-measuring device (Code section 215A.2), and
15 a charging station (Code section 452A.41). The division makes
16 several changes to enhance the Code's readability including
17 updating or correcting references to Code chapter 215. The
18 division eliminates a provision that requires DAL to conduct
19 a test of a measuring device based on a request of any person
20 (Code section 213.3) and a provision requiring a city to pay for
21 expenses directly incurred in furnishing a city with standards
22 (Code section 213.7).

23 DIVISION V — DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP
24 REGULATION — GRAIN MARKETING — BACKGROUND. DAL regulates grain
25 marketing transactions under three interrelated Code chapters.
26 The first two Code chapters regulate grain marketers, including
27 Code chapter 203 providing for the regulation of a grain dealer
28 purchasing grain from a seller and Code chapter 203C providing
29 for the regulation of a warehouse operator storing grain for a
30 depositor. Code chapter 203D establishes the grain depositors
31 and sellers indemnity fund (indemnity fund) created to indemnify
32 a seller or depositor against a financial loss due to the
33 management of the grain by grain dealer or warehouse operator.

34 Under Code chapter 203, in a cash sale transaction, a grain
35 dealer must pay the seller the purchase price for grain upon the

1 grain's delivery or upon demand for payment by the seller (Code
2 section 203.8). Delivery occurs when title to and possession of
3 the grain is transferred to the grain dealer or another person in
4 accordance with the terms of the contract (Code section 203.8).
5 One special type of sale is the use of a credit-sale contract in
6 which a grain dealer enters a contract with a seller for the sale
7 of grain and delivery of the grain has occurred but payment has
8 not been made either because the price has not been agreed to (a
9 deferred-pricing contract) or the price has been agreed to but
10 payment is to be made more than 30 days later (a deferred-payment
11 contract) (Code section 203.15). Under both Code chapters 203
12 and 203C, DALS regulates a grain dealer and warehouse operator
13 by issuing a license and conducting inspections of their business
14 operations. A grain dealer or warehouse operator must be issued
15 either a class 1 or class 2 license based on the size of the
16 business operation with a class 1 license requiring higher net
17 worth requirements (Code sections 203.3 and 203C.6). However, a
18 class 1 license is required for a grain dealer who enters into a
19 credit-sale contract regardless of the size of the grain dealer's
20 operation. A class 1 or class 2 licensee must annually submit to
21 DALS a financial statement accompanied by an unqualified opinion
22 based upon an audit performed by a certified public accountant
23 (CPA) licensed in this state. In 2025, the general assembly
24 enacted 2025 Iowa Acts, chapter 105 (2025 Act), which eliminated
25 provisions that allowed a licensed grain dealer or licensed grain
26 warehouse operator to submit a financial statement accompanied
27 by a report of a state-licensed CPA based upon a review in lieu
28 of an unqualified opinion. The 2025 Act allowed the indemnity
29 fund to cover a loss arising from a deferred-payment contract
30 (Code sections 203D.6 and 203D.6A). The 2025 Act also provided
31 a separate process for a seller to be indemnified for a loss
32 resulting from the seller having received from the grain dealer
33 an amount from the purchased grain that the seller was required
34 to later pay back to the grain dealer's bankruptcy estate (Code
35 section 203D.6A).

1 DIVISION V — DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP
2 — REGULATION — GRAIN MARKETING — BILL'S PROVISIONS. Parts A
3 and B of this division amend Code sections 203.3 and 203C.6A by
4 allowing a grain dealer (except a grain dealer entering into a
5 credit-sale contract) or a warehouse operator to again submit a
6 financial statement accompanied by a report of a state-licensed
7 CPA based upon a review in lieu of an unqualified opinion.
8 Parts A and B of the division amend Code section 203.8 by
9 providing that unless title to grain was previously transferred
10 pursuant to an ordinary cash sale contract, title to grain sold
11 by credit-sale contract is deemed to have transferred to the
12 grain dealer upon two conditions: (1) the credit-sale contract
13 is signed by both the grain dealer and the seller and (2) the
14 grain dealer has possession of the grain in accordance with the
15 terms of the credit-sale contract. Part C of the division amends
16 Code section 203D.6 by providing for the indemnification of a
17 seller for grain purchased by a grain dealer that the seller was
18 required to pay back later in bankruptcy. The claim may proceed
19 upon a determination that an eligible repayment claim was filed
20 with DALs by the seller as required by statute. Finally, part
21 C of the division amends Code section 203D.6A by providing for
22 the timeliness of a repayment claim in the case of a bankruptcy
23 court's default judgment. In that case, the seller must file
24 a claim not later than 60 days after the court's judgment or a
25 settlement agreement is approved, whichever is later.

26 DIVISION VI — DEPARTMENT OF TRANSPORTATION REGULATION —
27 MOTOR VEHICLES. This division provides for the regulation of
28 persons moving agricultural items on state highways and roads.

29 PART A — MILK HAULERS — BACKGROUND. Under Code chapter 321E,
30 the department of transportation (DOT) and local authorities
31 regulate the weight of motor vehicles traveling on a street,
32 road, or highway, including by issuing permits (Code section
33 321E.2). DOT is authorized to issue annual permits for the
34 operation of vehicles or combinations of vehicles transporting
35 fluid milk products to or from a milk plant, receiving station,

1 or transfer station. The weight limitation is 96,000 pounds on
2 primary roads and primary road extensions in cities. A person
3 who violates the weight provisions is subject to a fine according
4 to a schedule based on the number of pounds of overload beginning
5 at \$12.

6 PART A — MILK HAULERS — BILL'S PROVISIONS. This part
7 increases the weight limit to 136,000 pounds. DOT is required to
8 adopt rules governing minimum distances for axle configurations.
9 The part takes effect January 1, 2027.

10 PART B — IMPLEMENTS OF HUSBANDRY — BACKGROUND. Code section
11 321.457 regulates the maximum length of a motor vehicle or
12 combination of vehicles operated on the highways of this state.
13 A trailer or semitrailer cannot have an overall length in
14 excess of 53 feet when operating in a truck tractor-semitrailer
15 combination. However, a lowboy semitrailer that is designed and
16 exclusively used for the transportation of construction equipment
17 may have an overall length not in excess of 57 feet. A person
18 who violates the length requirement is subject to a scheduled
19 fine of \$260 (Code section 805.8A).

20 PART B — IMPLEMENTS OF HUSBANDRY — BILL'S PROVISIONS. This
21 part provides that an implement of husbandry (a vehicle or
22 equipment used in agricultural production) has the same feet
23 requirement as construction equipment.

24 DIVISION VII — AGRICULTURAL TOURISM — BACKGROUND. Code
25 chapter 673A, referred to as the "Iowa Agricultural Tourism
26 Promotion Act" (Code section 673A.1), limits the liability of
27 certain persons involved in agricultural tourism on a farm
28 (agricultural tourism farm) when a cause of action by a visitor
29 to the farm (agricultural tourist) alleges an injury, loss, or
30 death due to any of the following: (1) an inherent risk of
31 farming associated with a farming activity, (2) the failure of
32 the agricultural tourist to comply with an instruction while
33 visiting the agricultural tourism farm, or (3) the injury, loss,
34 or death occurred at a place a reasonable person would not enter,
35 which may be based on a posted notice (Code section 673A.4).

1 DIVISION VII — AGRICULTURAL TOURISM — BILL'S
2 PROVISIONS. This division expands the scope of the liability
3 protection provided to persons engaged in agricultural tourism
4 by amending definitions in Code section 673A.3. The division
5 provides that a farm includes a tree farm, and that a farm crop
6 includes a plant used for energy or decoration. The division
7 also provides that a farm crop described as edible or ornamental
8 produce includes maple syrup, mushrooms, and Christmas trees.
9 Finally, a farm crop includes lumber, pulpwood, and cordwood.

10 DIVISION VIII — LAND USE — BACKGROUND. Code chapter 335
11 provides for county zoning. Code section 335.27 provides that
12 a county zoning ordinance does not apply to land, a farm house,
13 farm barn, farm outbuilding, or other building or structure that
14 is primarily adapted for an agricultural purpose. Code chapter
15 335.28 provides that a county cannot require a conditional
16 use permit, special use permit, special exception, or variance
17 for agricultural experiences on property primarily used for
18 agricultural production. An agricultural experience is defined
19 to include an agriculture-related activity, as a secondary use
20 in conjunction with agricultural production, on a farm, which
21 activity is open to the public.

22 DIVISION VIII — LAND USE — BILL'S PROVISIONS. This
23 division amends Code section 335.2 by providing that an
24 agricultural purpose includes an agricultural tourism activity
25 or event, value-added agricultural processing, direct-to-consumer
26 marketing, or other farm-based enterprise that supports the
27 economic viability of a farm. The division amends Code
28 section 335.28 by providing that an agricultural experience
29 includes tourism activities and events, such as recreational,
30 entertainment, dining, celebratory, and overnight lodging
31 opportunities offered on a working farm, so long as the farm's
32 primary use remains agricultural production. The division takes
33 effect upon enactment.

34 DIVISION IX — PROPERTY TAX EXEMPTION — QUALIFIED ABOVEGROUND
35 STORAGE TANKS — BACKGROUND. Generally, real property subject to

1 property tax is assessed locally by either a county or city
2 assessor (Code section 441.1). Code section 427A.2 provides that
3 personal property is not subject to property tax and Code section
4 427A.1 provides a descriptive list of property that is subject to
5 assessment and taxation as real property (buildings, structures,
6 or improvement attached to the land, or placed upon a foundation
7 whether or not attached to the foundation). The Code section
8 also provides a description of real property that is not subject
9 to assessment and taxation as real property.

10 DIVISION IX — PROPERTY TAX EXEMPTION — QUALIFIED ABOVEGROUND
11 STORAGE TANKS — BILL'S PROVISIONS. This division provides
12 another exemption applicable to a qualified aboveground storage
13 tank that would otherwise be subject to assessment and taxation
14 as real property. The aboveground storage tank must have a
15 capacity of 91,000 gallons or less, regardless of its use. The
16 division makes inapplicable a provision in the "State Mandates
17 Act" (Code chapter 25B) that governs the funding of a property
18 tax credit or exemption (credit or exemption). Specifically,
19 Code section 25B.7 provides that if a state enacts legislation
20 creating a credit or exemption, a political subdivision (county,
21 city, or school district) is required to extend to the taxpayer
22 only that portion of the credit or exemption estimated by the
23 department of revenue to be funded by a state appropriation. The
24 division takes effect upon enactment and applies retroactively to
25 assessment years beginning on or after January 1, 2025.

26 DIVISION X — EXCISE TAX ELIMINATION — GRAIN HANDLING —
27 BACKGROUND. Code section 428.35 relates to the grain handling
28 excise tax of one-fourth mill per bushel upon all grain handled
29 (1/40 of 1 cent per bushel). For purposes of the excise tax,
30 "handling or handled" means the receiving of grain at or in each
31 elevator, warehouse, mill, processing plant, or other facility
32 in this state in which it is received for storage, accumulation,
33 sale, processing, or any other purpose. Generally, real property
34 subject to property tax is assessed locally by either a county or
35 city assessor (Code section 441.1). The amount of excise tax is

1 calculated on the basis of a statement prepared by the department
2 of revenue and filed by the person handling the grain and is due
3 60 days after the start of the calendar year. The statement
4 records the total number of bushels handled by the person during
5 the prior calendar year. The excise tax is entered on the tax
6 list of the taxing district and revenue collected from the excise
7 tax is distributed to the various taxing authorities within the
8 taxing district in the same manner as general property taxes.

9 DIVISION X — EXCISE TAX ELIMINATION — GRAIN HANDLING —
10 BILL'S PROVISIONS. This division eliminates the special excise
11 tax provision on the handling of grain on January 1, 2027, and
12 the excise tax is no longer assessable for grain handled on or
13 after that date. The division makes inapplicable a provision in
14 the "State Mandates Act" that governs the funding of a property
15 tax credit or exemption.

16 DIVISION XI — SALES AND USE TAX EXEMPTION — HONEYBEES
17 — BACKGROUND. Code chapter 423 provides for Iowa's streamlined
18 sales and use tax provisions. The state sales tax is imposed
19 on the sales price of all sales of tangible personal property
20 and from the furnishing of enumerated services sold at retail to
21 the ultimate consumer or user of the property or services (Code
22 section 423.2). As a complement to the sales tax, the use tax is
23 imposed on the purchase price of all tangible personal property
24 or enumerated services purchased for use in Iowa and used in
25 Iowa. There are a number of exemptions to the sales tax and,
26 with a few exceptions, the same exemptions apply to the use tax
27 (Code section 423.5).

28 DIVISION XI — SALES AND USE TAX EXEMPTION — HONEYBEES —
29 BILL'S PROVISIONS. This division provides a new sales and use tax
30 exemption for the sale of honeybees.

31 DIVISION XII — INCOME TAX EXEMPTION — BACKGROUND. Code
32 chapter 422 provides for an Iowa income tax imposed on taxable
33 income of individuals who are residents and nonresidents of this
34 state (Code section 422.5). The Iowa individual income tax
35 is calculated based on the taxpayer's federal adjusted gross

1 income, with designated adjustments including subtractions, that
2 determine net income in order to compute state tax liability
3 (Code section 422.7).

4 PART A — INCOME TAX EXEMPTION — FARM TENANCIES —
5 BACKGROUND. A retired farmer leasing real property under a farm
6 tenancy agreement may qualify as an eligible individual electing
7 to subtract (exclude) rent payments from the computation of net
8 income (Code section 422.7). In order to make this election, the
9 retired farmer must either be disabled or at least 55 years old.
10 In addition, the retired farmer must have materially participated
11 in a farming business for 10 years in the aggregate, and held
12 the leased property for 10 years (Code section 422.17). A farm
13 tenancy agreement is a writing that creates a leasehold in which
14 the owner-lessor transfers that property to a tenant-lessee for
15 farming including the production of a crop or livestock (Code
16 chapter 562) in exchange for receiving a rent payment, including
17 on a cash or commodity share basis. The eligible individual
18 is prohibited from claiming a duplicative tax adjustment under
19 (1) the capital gains exemption for the sale of real property
20 used in a farming business (Code section 422.7(13)), or (2) the
21 beginning farmer tax credit for the lease of agricultural assets
22 (Code chapter 16, subchapter VIII, part 5, subpart B).

23 PART A — INCOME TAX EXEMPTION — FARM TENANCIES —
24 BILL'S PROVISIONS. This part allows a retired farmer to exclude
25 net income because a specific legal entity rather than the
26 retired farmer is the holder of the farm tenancy (leased
27 property). An individual who organizes and operates a business
28 under one of several types of recognized legal or equitable
29 entities may shield personal assets from creditors while income
30 received by such entity is attributed (passes through) to the
31 individual. Specifically, the amended provision applies to net
32 income received by a partnership (general or limited), an S
33 corporation, or a trust or estate (presumably subject to the
34 restrictions of Code chapters 9 and 9I). In addition, the part
35 expressly recognizes another pass-through entity referred to as a

1 "disregarded entity" (DRE). Such an entity must be recognized
2 under state law (e.g., a limited liability company or "LLC").
3 The equity interest (e.g., a membership interest in an LLC) must
4 be owned by a single individual or a spousal couple. Income
5 received by the DRE passes through the entity to the individual
6 or spousal couple. The part provides that in the case of a DRE
7 or grantor trust, the net income is deemed to be distributed
8 to the sole owner. The part takes effect January 1, 2027, and
9 applies to tax years beginning on and after that date.

10 PART B — VETERINARY PRACTICE — BACKGROUND. Code section
11 256.226 establishes a rural veterinarian loan repayment program
12 administered by the college student aid commission. The purpose
13 of the program is to provide for the repayment of a student
14 loan to an individual who agrees to practice for four years as
15 a licensed veterinarian in a rural area referred to as a rural
16 service commitment area or a veterinary shortage area pursuant
17 to a loan repayment agreement. The amount of repayment cannot
18 exceed \$15,000 annually or a total of \$60,000 or the amount of
19 the outstanding eligible loan.

20 PART B — VETERINARY PRACTICE — BILL'S PROVISIONS. This
21 part allows a licensed veterinarian participating in the rural
22 veterinarian loan repayment program to exclude net income
23 attributable to loan payments received under the program, subject
24 to the restrictions provided in the program. The amount subject
25 to the exclusion cannot exceed \$15,000 per tax year, and an
26 aggregate of \$60,000 for all tax years. However, in any case,
27 the excluded amount cannot exceed the amount of the outstanding
28 eligible loan.