SENATE FILE 2290
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 3135)

(As Amended and Passed by the Senate March 9, 2022)
_____ and [= New Language by the Senate

A BILL FOR

An Act establishing a dairy processing and milk production innovation and revitalization fund and program to be administered by the economic development authority, in consultation with the department of agriculture and land stewardship, and requiring the department to study the feasibility of establishing an artisanal dairy processing program at a community college or at an institution governed by the state board of regents.

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

Section 1. NEW SECTION. **15E.371 Dairy processing and milk production innovation and revitalization fund and program.**

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

a. "Department" means the department of agriculture and land stewardship.

b. "Financial assistance" means assistance provided only from the funds and assets legally available to the authority pursuant to this section and includes assistance in the form of grants, low-interest loans, and forgivable loans.

c. "Fund" means the dairy processing and milk production innovation and revitalization fund.

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

e. "Program" means the dairy processing and milk production innovation and revitalization program.

2. *a.* The fund is created in the state treasury under the control of the authority and consists of any moneys appropriated to the fund by the general assembly and any other moneys available to or obtained or accepted by the authority for placement in the fund. Moneys in the fund are appropriated to the authority to award financial assistance as provided under the program. The authority shall use any moneys specifically appropriated for purposes of this section only for the purposes of the program.

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

3. The authority, in consultation with the department, shall establish and administer the program for the purpose of

awarding financial assistance to eligible businesses engaged in projects that do any of the following:

a. Expand or refurbish existing milk plants or establish a new milk plant, operating pursuant to a permit issued pursuant to section 192.111.

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

c. Rent building, refrigeration facilities, freezer facilities, or equipment necessary to expand dairy processing capacity, including mobile dairy or refrigeration units used exclusively for dairy processing.

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

4. The authority, in consultation with the department, shall establish eligibility criteria for the program by rule. The eligibility criteria must include all of the following:

a. The business must be located in this state.

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

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

d. The business must not currently be in bankruptcy.

e. The business must employ less than fifty individuals.

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

6. Applications shall be accepted during one or more annual application periods to be determined by the authority by rule. Upon reviewing and scoring all applications that are received during an application period, and subject to funding, the authority may, in consultation with the department, award

financial assistance to eligible businesses. A financial assistance award shall not exceed the amount of eligible project costs included in the eligible business's application. Priority shall be given to eligible businesses whose proposed project under subsection 3 will do any of the following:

a. Create new dairy processing jobs.

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

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

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

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

8. The authority may use not more than five percent of the moneys in the fund at the beginning of each fiscal year for purposes of administrative costs, marketing, technical assistance, and other program support.

9. The authority shall, in consultation with the department, adopt rules pursuant to chapter 17A to administer this section.

Sec. 2. ARTISANAL DAIRY PROCESSING PROGRAM REPORT.

1. The department of agriculture and land stewardship shall study the feasibility of establishing an artisanal dairy processing program at a community college or at an institution governed by the state board of regents. The department shall consider staffing and equipment requirements, potential enrollment numbers, overall employment outlook for graduates, apprenticeship and internship opportunities, program costs, curriculum, and regulatory and legal requirements.

2. The department shall submit a report by December 31, 2022, to the general assembly that includes findings and recommendations of the department based on the study.