

## CHAPTER 1165

### PRIVATE ACTIVITY BONDS FOR AGRICULTURAL AND OTHER PURPOSES — AGRICULTURAL DEVELOPMENT AUTHORITY

S.F. 2052

**AN ACT** relating to programs involving government finance, by providing for the issuance of private activity bonds to administer programs by governmental entities, including the Iowa agricultural development authority and political subdivisions, and providing program assistance to beginning farmers.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 7C.4A, Code 1997, is amended to read as follows:  
7C.4A ALLOCATION OF STATE CEILING.

For each calendar year, the state ceiling shall be allocated among bonds issued for various purposes as follows:

1. Thirty percent of the state ceiling shall be allocated solely to the Iowa finance authority for the following purposes:

- a. Issuing qualified mortgage bonds.
- b. Reallocating the amount, or any portion thereof, to another qualified political subdivision for the purpose of issuing qualified mortgage bonds; or
- c. Exchanging the allocation, or any portion thereof, for the authority to issue mortgage credit certificates by election under section 25(c) of the Internal Revenue Code.

However, at any time during the calendar year the executive director of the Iowa finance authority may determine that a lesser amount need be allocated to the Iowa finance authority and on that date this lesser amount shall be the amount allocated to the authority and the excess shall be allocated under subsection 6 7.

2. Twelve percent of the state ceiling shall be allocated to bonds issued to carry out programs established under chapters 260C, 260E, and 260F. However, at any time during the calendar year the director of the Iowa department of economic development may determine that a lesser amount need be allocated and on that date this lesser amount shall be the amount allocated for those programs and the excess shall be allocated under subsection 6 7.

3. Sixteen percent of the state ceiling shall be allocated to qualified student loan bonds. However, at any time during the calendar year the governor's designee, with the approval of the Iowa student loan liquidity corporation, may determine that a lesser amount need be allocated to qualified student loan bonds and on that date the lesser amount shall be the amount allocated for those bonds and the excess shall be allocated under subsection 6 7.

4. ~~Sixteen~~ Twenty-one percent of the state ceiling shall be allocated to qualified small issue bonds issued for first-time farmers. However, at any time during the calendar year the governor's designee, with the approval of the Iowa agricultural development authority, may determine that a lesser amount need be allocated to qualified small issue bonds for first-time farmers and on that date this lesser amount shall be the amount allocated for those bonds and the excess shall be allocated under subsection 6 7.

5. Eighteen percent of the state ceiling shall be allocated to bonds issued by political subdivisions to finance a qualified industry or industries for the manufacturing, processing, or assembly of agricultural or manufactured products even though the processed products may require further treatment before delivery to the ultimate consumer.

6. During the period of January 1 through ~~October 25~~ June 30, ~~five~~ three percent of the state ceiling shall be reserved for private activity bonds issued by political subdivisions, the proceeds of which are used by the issuing political subdivisions.

7. a. The amount of the state ceiling which is ~~not otherwise~~ allocated under subsections 1 through 4 5, and after ~~October 25~~ June 30, the amount of the state ceiling reserved

under subsection ~~5 6~~ and not allocated, shall be allocated to all bonds requiring an allocation under section 146 of the Internal Revenue Code without priority for any type of bond over another, except as otherwise provided in sections 7C.5 and 7C.11.

b. The population of the state shall be determined in accordance with the Internal Revenue Code.

Sec. 2. Section 7C.5, Code 1997, is amended to read as follows:

7C.5 FORMULA FOR ALLOCATION.

Except as provided in section 7C.4A, subsections 1 through 4 ~~5~~, the state ceiling shall be allocated among all political subdivisions on a statewide basis on the basis of the chronological orders of receipt by the governor's designee of the applications described in section 7C.6 with respect to a definitive issue of bonds, as determined by the day, hour, and minute time-stamped on the application immediately upon receipt by the governor's designee. However, for the period January 1 through ~~October 25~~ June 30 of each year, allocations to bonds for which an amount of the state ceiling has been reserved pursuant to section 7C.4A, subsection ~~5 6~~, shall be made to the political subdivisions submitting the applications first from the reserved amount until the reserved amount has been fully allocated and then from the amount specified in section 7C.4A, subsection ~~6 7~~.

Sec. 3. Section 7C.6, unnumbered paragraph 1, Code 1997, is amended to read as follows:

A political subdivision which proposes to issue bonds for a particular project or purpose for which an allocation of the state ceiling is required and has not already been made under section 7C.4A, subsections 1 through 4 ~~5~~, must make an application for allocation before issuance of the bonds. The application may be made by the political subdivision or its representative, the beneficiary of the project or purpose, or by a person acting on behalf of the beneficiary. The application shall be submitted to the governor's designee, in the form prescribed by the governor's designee. The application shall contain, where appropriate, the following information:

Sec. 4. Section 7C.7, subsection 1, Code 1997, is amended to read as follows:

1. If the bonds are issued and delivered for the purpose or project within the thirty-day period or the forty-five day extension period provided in subsection 2, the political subdivision or its representative shall within ten days following the issuance and delivery of the bonds or not later than ~~October 25~~ June 30 of that year, if the bonds were issued and delivered on or before that date, file with the governor's designee, in the form or manner the governor's designee may prescribe, a notification of the date of issuance and the delivery of the bonds, and the actual principal amount of bonds issued and delivered. The filing of the notification shall be done by actual delivery or by posting in a United States post office depository with correct first class postage paid. If the actual principal amount of bonds issued and delivered is less than the amount of the allocation, the amount of the allocation is automatically reduced to the actual principal amount of the bonds issued and delivered.

Sec. 5. EXECUTIVE DIRECTOR — CONGRESSIONAL PERSUASION. The executive director of the agricultural development authority as established pursuant to chapter 175 shall use every effort practical to persuade members of the Congress of the United States regarding the following:

1. The need to change provisions in federal law, including the federal Internal Revenue Code, 26 U.S.C. § 141 et seq., in order to allow a person to qualify for assistance under the beginning farmer loan program pursuant to section 175.12, to finance the acquisition of agricultural land, improvements, and depreciable property from a family member, if the purchase price paid for the land, improvements, or depreciable property is not less than seventy-five percent of its appraised value.

2. The need to increase the state of Iowa's ceiling to the issuers of private activity bonds within the state in order to maximize the economic benefit to the citizens of the state from

the issuance of private activity bonds pursuant to the federal Internal Revenue Code, 26 U.S.C. § 146.

Sec. 6. COOPERATION BETWEEN THE AGRICULTURAL DEVELOPMENT AUTHORITY AND THE IOWA FINANCE AUTHORITY. To the extent authorized by the Iowa finance authority, the agricultural development authority may use any percentage of the state ceiling allocated to the Iowa finance authority pursuant to section 7C.4A for purposes of supporting the agricultural development authority in financing the beginning farmer loan program pursuant to section 175.12 through the issuance of qualified small issue bonds. The Iowa finance authority and the agricultural development authority shall cooperate to every extent practical in order to carry out this section without impeding the purposes of the Iowa finance authority.

Sec. 7. ADDITIONAL POSITION AUTHORIZED. In addition to any full-time equivalent positions otherwise authorized by the general assembly for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the agricultural development authority, as established in section 175.3, is authorized, one full-time equivalent position for the fiscal year.

Approved May 6, 1998

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## CHAPTER 1166

### COUNTY AGRICULTURAL EXTENSION COUNCILS

*S.F. 2200*

**AN ACT** relating to the expenses, powers, and duties of county agricultural extension councils.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 176A.9, subsection 4, Code 1997, is amended to read as follows:

4. The extension council may collect reasonable fees for specific services which require special equipment or personnel, such as soil testing services, seed testing services, or other educational services, but it shall not collect dues for or pay dues to any state or national organization or agency, nor shall it accept contributions or gifts for the extension district, or the extension council and may seek and receive grants, donations, gifts, bequests, or other moneys from public and private sources to be used for the purposes set forth in this section, and may enter into contracts to provide educational services.

Sec. 2. Section 176A.9, subsection 6, Code 1997, is amended by striking the subsection and inserting in lieu thereof the following:

6. Members of the council shall serve without compensation, but may receive actual and necessary expenses, including in-state travel expenses at not more than the state rate, incurred in the performance of official duties other than attendance at regular local county extension council meetings. Payment shall be made from funds available pursuant to section 176A.8, subsection 14.

Approved May 6, 1998