

## CHAPTER 1080

### IOWA FINANCE AUTHORITY REORGANIZATION

S.F. 2328

**AN ACT** providing for the reorganization of the Code provisions relating to the Iowa finance authority, revising and eliminating programs, including the beginning farm loan program, providing for existing tax credits, providing for the powers and duties of the authority, and including effective date provisions.

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

#### DIVISION I

#### REORGANIZATION OF THE IOWA FINANCE AUTHORITY

#### GENERAL PROVISIONS

Section 1. Section 16.1, subsection 1, paragraphs a, f, g, i, o, aa, ak, and al, Code 2014, are amended by striking the paragraphs.

Sec. 2. Section 16.1, subsection 1, paragraphs d, n, p, and af, Code 2014, are amended to read as follows:

d. “Bond” means a bond issued by the authority pursuant to ~~sections 16.26 to 16.30, this chapter~~ and includes a note or other instrument evidencing a debt authorized or referred to in this chapter.

n. “Guiding principles” means the principles provided in ~~section 16.4 subchapter III~~ which shall be considered for amplification and interpretation of the goals of the authority.

p. (1) “Housing” means single family and multifamily dwellings, and facilities incidental or appurtenant to the dwellings, and includes group homes of fifteen beds or less licensed as health care facilities or child foster care facilities and modular or mobile homes which are permanently affixed to a foundation and are assessed as realty.

(2) “Adequate housing” means ~~housing which meets minimum structural, heating, lighting, ventilation, sanitary, occupancy, and maintenance standards compatible with applicable building and housing codes, as determined under rules of the authority.~~

af. “Programs” “Program” means any program administered by the authority or any program in which the authority is directed or authorized to participate pursuant to any statute, executive order, or interagency agreement, or any other program participation or administration of which the authority finds useful and convenient to further the goals and purposes of the authority. “Program” shall include ~~but not be limited to all of the following:~~

(1) ~~The housing assistance payments program.~~

(2) ~~The rent supplements program.~~

(3) ~~The emergency housing fund program.~~

(4) ~~The special housing assistance program.~~

(5) ~~The single family housing program.~~

(6) ~~The multifamily housing program.~~

(7) ~~The title guaranty program.~~

(8) ~~The housing improvement fund program.~~

(9) ~~The economic development loan program.~~

(10) ~~The Iowa economic development bond bank program.~~

(11) ~~The sewage treatment and drinking facilities financing program.~~

(12) ~~The Iowa tank assistance bond program.~~

(13) ~~The residential treatment facilities program.~~

(14) ~~The E-911 program.~~

(15) ~~The community college dormitory program.~~

(16) ~~The prison infrastructure program.~~

(17) ~~The wastewater treatment financial assistance program.~~

(18) ~~Any other program established by the authority which the authority finds useful and convenient to further goals of the authority and which is consistent with the legislative~~

~~findings. Such additional programs shall be administered in accordance with the guiding principles of the authority after such notice and hearing as is determined to be reasonable by the authority under the circumstances. Such additional programs shall be administered in accordance with rules, if any, which the authority determines useful and convenient to adopt pursuant to chapter 17A.~~

Sec. 3. Section 16.1, subsection 1, Code 2014, is amended by adding the following new paragraphs:

NEW PARAGRAPH. 0a. “Adequate housing” means housing which meets minimum structural, heating, lighting, ventilation, sanitary, occupancy, and maintenance standards compatible with applicable building and housing codes, as determined under rules of the authority.

NEW PARAGRAPH. 0g. “Depreciable property” means personal property for which an income tax deduction for depreciation is allowable in computing federal income tax under the Internal Revenue Code as defined in section 422.3.

NEW PARAGRAPH. 0p. “Historic properties” means landmarks, landmark sites, or districts which are significant in the history, architecture, archaeology, or culture of this state, its communities, or the nation.

NEW PARAGRAPH. 0v. (1) “Lending institution” means any bank, trust company, mortgage company, national banking association, federal savings association, or life insurance company; any state or federal governmental agency or instrumentality; the federal land bank or any of its local associations; or any other institution authorized to make loans in this state.

(2) “Lending institution” includes a financial institution as defined in section 496B.2, which lends moneys for farming purposes as provided in subchapter VIII, or for industrial or business purposes.

NEW PARAGRAPH. 0ac. “Net worth” means a person’s total assets minus total liabilities as determined in accordance with generally accepted accounting principles with appropriate exceptions and exemptions reasonably related to an equitable determination of a person’s net worth. Assets shall be valued at fair market value.

NEW PARAGRAPH. 0aj. “Secured loan” means a financial obligation secured by a chattel mortgage, security agreement, or other instrument creating a lien on an interest in depreciable property.

NEW PARAGRAPH. an. “Veteran” means the same as defined in section 35.1.

Sec. 4. Section 16.1, subsection 2, Code 2014, is amended by striking the subsection.

Sec. 5. Section 16.1A, Code 2014, is amended to read as follows:

**16.1A Creation — administration of programs.**

1. The Iowa finance authority is created, and constitutes a public instrumentality and agency of the state exercising public and essential governmental functions.

2. The authority shall undertake and administer all of the following:

a. ~~Programs established under this chapter to assist in attainment of adequate housing for low- or moderate-income families, elderly families, and families which include one or more persons with disabilities, and to undertake the various finance programs under this chapter.~~

b. ~~Programs which assist qualified farmers or agricultural producers, including beginning farmers, as provided in chapter 175 established by the authority which the authority finds useful and convenient to further goals of the authority and which are consistent with the legislative findings. Such programs shall be administered in accordance with section 16.4. Such additional programs shall be administered in accordance with rules, if any, which the authority determines useful and convenient to adopt pursuant to chapter 17A.~~

3. The Iowa finance authority board of directors shall have general control, supervision, and regulation of all authority programs established ~~under this chapter and chapter 175 described in this section.~~

4. The authority is charged with the broad administrative authority to make, administer, interpret, construe, repeal, and execute the rules, and to administer, interpret, construe, and execute the laws of this state relating to such programs.

5. The board may, by resolution, delegate to the agricultural development board, title guaranty division board, executive director, or other authority employee such of its powers, under such terms and conditions, as it deems appropriate.

Sec. 6. Section 16.2, subsection 9, Code 2014, is amended by striking the subsection.

Sec. 7. Section 16.2A, subsection 1, Code 2014, is amended to read as follows:

1. A title guaranty division is created within the authority. The division may also be referred to as Iowa title guaranty. The powers of the division relating to the issuance of title guaranties are vested in and shall be exercised by a division board of five members appointed by the governor subject to confirmation by the senate. The membership of the division board shall include an attorney, an abstractor, a real estate broker, a representative of a mortgage lender lending institution that engages in mortgage lending, and a representative of the housing development industry. The executive director of the authority shall appoint an attorney as director of the title guaranty division, who shall serve as an ex officio member of the division board. The appointment of and compensation for the division director are exempt from the merit system provisions of chapter 8A, subchapter IV.

Sec. 8. **NEW SECTION. 16.2B Agricultural development division — administration of programs.**

1. An agricultural development division is created within the authority. The agricultural development division shall administer subchapter VIII, by providing assistance to beginning farmers, agricultural producers, or other persons qualifying for such assistance under subchapter VIII.

2. The agricultural development division shall be administered in accordance with the policies of the agricultural development board created in section 16.2C. The executive director of the authority may organize the agricultural development division and employ necessary qualified personnel to administer subchapter VIII.

3. The agricultural development division shall, to every extent practical, assist persons to do all of the following:

a. Acquire agricultural land, agricultural improvements, or depreciable agricultural property, including as provided in subchapter VIII.

b. Obtain agricultural assets transfer tax credits, including by issuing tax credit certificates pursuant to subchapter VIII, part 5.

c. Obtain financing for other capital requirements or operating expenses.

4. The net earnings of the agricultural development division, beyond that necessary for retirement of its notes, bonds, or other obligations or to implement the public purposes and programs authorized in subchapter VIII, shall not inure to the benefit of any person other than the state.

5. a. At least two of the authority's full-time equivalent positions, as defined in section 8.36A, shall be entirely dedicated to administering programs established pursuant to subchapter VIII. One of those full-time equivalent positions shall be dedicated to overseeing the administration of those programs, and to the extent that the programs are affected, the full-time equivalent position shall be provided the powers and duties necessary to do all of the following:

(1) Participate in making managerial decisions.

(2) Provide for outreach and promotion.

(3) Improve delivery of services.

b. This subsection is repealed on July 1, 2015.

Sec. 9. **NEW SECTION. 16.2C Agricultural development board.**

1. The powers of the agricultural development division are vested in and shall be exercised by the agricultural development board as provided in section 16.2B and this section.

2. The agricultural development board is created to exercise all powers and perform all duties necessary to administer subchapter VIII according to policies established by the authority. The authority shall establish policies and practices for the division and oversee its operations. The authority may review or approve decisions affecting the division or administration of subchapter VIII, including decisions of the agricultural development board.

3. The agricultural development board consists of five members appointed by the governor subject to confirmation by the senate. The executive director of the authority or the executive director's designee shall serve as an ex officio, nonvoting member.

4. The appointed members of the agricultural development board shall be appointed and retained in office as follows:

a. Not more than three members shall belong to the same political party.

b. As far as possible, the governor shall include within the membership persons who represent lending institutions experienced in agricultural lending, real estate sales, farmers, beginning farmers, average taxpayers, local government, soil and water conservation district officials, agricultural educators, and other persons specially interested in family farm development.

c. Members shall serve for staggered terms of six years beginning and ending as provided in section 69.19. A person appointed to fill a vacancy shall serve only for the unexpired portion of the member's term. A member is eligible for reappointment. An appointed member may be removed from office by the governor for misfeasance, malfeasance, willful neglect of duty, or other just cause, after notice and hearing, unless the notice and hearing is expressly waived in writing.

5. The agricultural development board shall conduct business according to all of the following:

a. Three appointed members constitute a quorum and the affirmative vote of a majority of the appointed members is necessary for any substantive action taken by the board. A majority of appointed members shall not include any member who has a conflict of interest and a statement by a member that the member has a conflict of interest is conclusive for this purpose. A vacancy in the membership does not impair the right of a quorum to exercise all rights and perform all duties of the board.

b. Meetings of the board shall be held at the call of the chairperson or whenever two appointed members so request.

c. The appointed members shall elect a chairperson and vice chairperson annually, and other officers as they determine. The executive director of the authority or the executive director's designee shall serve as secretary to the board.

6. An appointed member of the agricultural development board is entitled to receive a per diem as specified in section 7E.6 for each day spent in performance of duties as a member, and shall be reimbursed for all actual and necessary expenses incurred in the performance of duties as a member.

7. An appointed member of the agricultural development board shall give bond as required for public officers in chapter 64.

**Sec. 10. NEW SECTION. 16.2D Council on homelessness.**

1. A council on homelessness is created consisting of thirty-eight voting members. At least one voting member at all times shall be a member of a minority group.

2. Members of the council shall consist of all of the following:

a. Twenty-six members of the general public appointed to two-year staggered terms by the governor in consultation with the nominating committee under subsection 4, paragraph "a".

(1) Voting members from the general public may include but are not limited to the following types of individuals and representatives of the following programs: homeless or formerly homeless individuals and their family members, youth shelters, faith-based organizations, local homeless service providers, emergency shelters, transitional housing providers, family and domestic violence shelters, private business, local government, and community-based organizations.

(2) Five of the twenty-six voting members selected from the general public shall be individuals who are homeless, formerly homeless, or family members of homeless or formerly homeless individuals.

(3) One of the twenty-six members selected from the general public shall be a representative of the Iowa state association of counties.

(4) One of the twenty-six members selected from the general public shall be a representative of the Iowa league of cities.

b. Twelve agency director members consisting of all of the following:

- (1) The director of the department of education or the director's designee.
- (2) The director of the economic development authority or the director's designee.
- (3) The director of human services or the director's designee.
- (4) The attorney general or the attorney general's designee.
- (5) The director of the department of human rights or the director's designee.
- (6) The director of public health or the director's designee.
- (7) The director of the department on aging or the director's designee.
- (8) The director of the department of corrections or the director's designee.
- (9) The director of the department of workforce development or the director's designee.
- (10) The director of the department of public safety or the director's designee.
- (11) The director of the department of veterans affairs or the director's designee.
- (12) The executive director of the Iowa finance authority or the executive director's designee.

3. An agency director's designee may vote on council matters in the absence of the director.

4. *a.* A nominating committee initially comprised of all twelve agency director members shall nominate persons to the governor to fill the general public member positions. Following appointment of all twenty-six general public members, the composition of the nominating committee may be modified by rule.

*b.* The council may establish other committees and subcommittees comprised of members of the council.

5. A vacancy on the council shall be filled in the same manner as the original appointment. A member appointed to fill a vacancy created other than by expiration of a term shall be appointed for the remainder of the unexpired term.

6. *a.* A majority of the members of the council constitutes a quorum. Any action taken by the council must be adopted by the affirmative vote of a majority of its membership.

*b.* The council shall elect a chairperson and vice chairperson from the membership of the council. The chairperson and vice chairperson shall each serve two-year terms. The positions of chairperson and vice chairperson shall not be held by members who are both either general public members or agency directors. The position of chairperson shall rotate between agency director members and general public members.

*c.* The council shall meet at least six times per year. Meetings of the council may be called by the chairperson or by a majority of the members.

*d.* General public members shall be reimbursed by the authority for actual and necessary expenses incurred while engaged in their official duties.

7. The authority shall provide staff assistance and administrative support to the council.

8. The duties of the council shall include but are not limited to the following:

*a.* Develop a process for evaluating state policies, programs, statutes, and rules to determine whether any state policies, programs, statutes, or rules should be revised to help prevent and alleviate homelessness.

*b.* Evaluate whether state agency resources could be more efficiently coordinated with other state agencies to prevent and alleviate homelessness.

*c.* Work to develop a coordinated and seamless service delivery system to prevent and alleviate homelessness.

*d.* Use existing resources to identify and prioritize efforts to prevent persons from becoming homeless and to eliminate factors that keep people homeless.

*e.* Identify and use federal and other funding opportunities to address and reduce homelessness within the state.

*f.* Work to identify causes and effects of homelessness and increase awareness among policymakers and the general public.

*g.* Advise the governor's office, the authority, state agencies, and private organizations on strategies to prevent and eliminate homelessness.

9. *a.* The council shall make annual recommendations to the governor regarding matters which impact homelessness on or before September 15.

*b.* The council shall prepare and file with the governor and the general assembly on or before the first day of December in each odd-numbered year, a report on homelessness in Iowa.

c. The council shall assist in the completion of the state's continuum of care application to the United States department of housing and urban development.

10. a. The authority, in consultation with the council, shall adopt rules pursuant to chapter 17A for carrying out the duties of the council pursuant to this section.

b. The council shall establish internal rules of procedure consistent with the provisions of this section.

c. Rules adopted or internal rules of procedure established pursuant to paragraph "a" or "b" shall be consistent with the requirements of the federal McKinney-Vento Homeless Assistance Act, 42 U.S.C. §11301 et seq.

11. The council shall comply with the requirements of chapters 21 and 22. The authority shall be the official repository of council records.

**Sec. 11. NEW SECTION. 16.2E Legislative findings — general.**

The general assembly finds and declares all of the following:

1. The establishment of the authority is in all respects for the benefit of the people of the state of Iowa, for the improvement of their health and welfare, and for the promotion of the economy, which are public purposes.

2. The authority will be performing an essential governmental function in the exercise of the powers and duties conferred upon it by this chapter.

3. All of the purposes stated in this chapter are public purposes and uses for which public moneys may be borrowed, expended, advanced, loaned, or granted.

Sec. 12. Section 16.3, subsections 1, 2, 14, 15, 16, 17, and 18, Code 2014, are amended by striking the subsections.

Sec. 13. Section 16.4, subsection 7, Code 2014, is amended to read as follows:

7. The authority shall encourage the protection, restoration and rehabilitation of historic properties, and the preservation of other properties of special value for architectural or esthetic reasons. ~~As used in this subsection, "historic properties" means landmarks, landmark sites, or districts which are significant in the history, architecture, archaeology, or culture of this state, its communities, or the nation.~~

**Sec. 14. NEW SECTION. 16.4A Legislative findings — agricultural development.**

The general assembly finds and declares all of the following:

1. There exists a serious problem in this state regarding the ability of nonestablished farmers to acquire agricultural land and agricultural improvements and depreciable agricultural property in order to enter farming.

2. This barrier to entry into farming is conducive to consolidation of acreage of agricultural land with fewer individuals resulting in a grave threat to the traditional family farm.

3. These conditions result in a loss in population, unemployment, and a movement of persons from rural communities to urban areas accompanied by added costs to communities for creation of new public facilities and services.

4. One major cause of this condition has been recurrent shortages of funds in private channels and the high interest cost of borrowing.

5. These shortages and costs have made the sale and purchase of agricultural land to beginning farmers a virtual impossibility in many parts of the state.

6. The ordinary operations of private enterprise have not in the past corrected these conditions.

7. A stable supply of adequate funds for agricultural financing is required to encourage beginning farmers in an orderly and sustained manner and to reduce the problems described in this section.

8. Article IX, 2nd subarticle, section 3, of the Constitution of the State of Iowa requires that, "The General Assembly shall encourage, by all suitable means, the promotion of intellectual, scientific, moral, and agricultural improvement," and agricultural improvement and the public good are served by a policy of facilitating access to capital by beginning farmers unable to obtain capital elsewhere in order to preserve, encourage, and protect the family farm which has been the economic, political, and social backbone of rural Iowa.

9. It is necessary to create a program to encourage ownership of farms by beginning farmers by providing purchase money loans to beginning farmers who are not able to obtain adequate capital elsewhere to provide such funds and to lower costs through the use of public financing.

10. There exists a serious problem in this state regarding the ability of farmers to obtain affordable operating loans for reasonable and necessary expenses and cash flow requirements of farming.

11. Farming is one of the principal pursuits of the inhabitants of this state. Many other industries and pursuits, in turn, are wholly dependent upon farming.

12. The inability of farmers to obtain affordable operating loans is conducive to a general decline of the economy in this state.

13. A serious problem continues to exist in this state regarding the ability of agricultural producers to obtain, retain, restructure, or service loans or other financing on a reasonable and affordable basis for operating expenses, cash flow requirements, and capital asset acquisition or maintenance.

14. Because the Iowa economy is dependent upon the production and marketing of agricultural produce, the inability of agricultural producers to obtain, retain, restructure, or service loans or other financing on a reasonable and an affordable basis for operating expenses, cash flow requirements, or capital asset acquisition or maintenance contributes to a general decline of the state's economy.

**Sec. 15. NEW SECTION. 16.4B Guiding principles — agricultural development.**

In the performance of its duties, implementation of its powers, and the selection of specific programs and projects to receive its assistance under subchapter VIII, the authority shall be guided by the following precatory principles:

1. The authority shall not become an owner of real or depreciable property, except on a temporary basis where necessary in order to implement its programs, to protect its investments by means of foreclosure or other means, or to facilitate transfer of real or depreciable property for the use of beginning farmers.

2. The authority shall exercise diligence and care in selection of projects to receive its assistance and shall apply customary and acceptable business and lending standards in selection and subsequent implementation of the projects. The authority may delegate primary responsibility for determination and implementation of the projects to any federal governmental agency which assumes any obligation to repay the loan, either directly or by insurance or guaranty.

3. The authority shall develop programs for providing financial assistance to agricultural producers in this state.

**Sec. 16. NEW SECTION. 16.4C Legislative findings — title guaranty.**

The general assembly finds and declares that the abstract attorney's title opinion system promotes land title stability for determining the marketability of land titles and is a public purpose. A public purpose is served by providing, as an adjunct to the abstract attorney's title opinion system, a low-cost mechanism to provide for additional guaranties of real property titles in Iowa. The title guaranties facilitate mortgage lenders' participation in the secondary market and add to the integrity of the land-title transfer system in the state.

**Sec. 17. NEW SECTION. 16.4D Legislative findings — economic development.**

The general assembly finds and declares all of the following:

1. Economic development and expansion of business, industry, and farming in the state is dependent upon the availability of financing of the development and expansion at affordable interest rates.

2. The pooling of private financing enhances the marketability of the obligations involved and increases access to other state, regional, and national credit markets.

3. The creation of an economic development program as provided in section 16.102 will make the pooling of private financing available to small businesses, farmers, agricultural landowners and operators, and commercial, industrial, and other business enterprises at favorable interest rates with reduced marketing costs.

Sec. 18. Section 16.5, subsection 1, paragraph p, Code 2014, is amended to read as follows:

p. Through the Iowa title guaranty division, make and issue title guaranties on Iowa real property in a form acceptable to the secondary market, to fix and collect the charges for the guaranties and to procure reinsurance against any loss in connection with the guaranties.

Sec. 19. Section 16.5C, subsections 6 and 8, Code 2014, are amended to read as follows:

6. Renegotiate a mortgage loan or loan to a ~~mortgage lender~~ lending institution in default; waive a default or consent to the modification of the terms of a mortgage loan or a loan to a ~~mortgage lender~~ lending institution; forgive or forbear all or part of a mortgage loan or a loan to a ~~mortgage lender~~ lending institution; and commence, prosecute, and enforce a judgment in any action, including but not limited to a foreclosure action, to protect or enforce any right conferred upon the authority by law, mortgage loan agreement, contract, or other agreement, and in connection with any such action, bid for and purchase the property or acquire or take possession of it, complete, administer, and pay the principal of and interest on any obligations incurred in connection with the property, and dispose of and otherwise deal with the property in a manner as the authority deems advisable to protect its interests.

8. Purchase, and make advance commitments to purchase, residential mortgage loans from ~~mortgage lenders~~ lending institutions at prices and upon terms and conditions it determines consistent with its goals and legislative findings. However, the total purchase price for all residential mortgage loans which the authority commits to purchase from a ~~mortgage lender~~ lending institution at any one time shall not exceed the total of the unpaid principal balances of the residential mortgage loans purchased. ~~Mortgage lenders~~ Lending institutions are authorized to sell residential mortgage loans to the authority in accordance with this section and the rules of the authority. The authority may charge a ~~mortgage lender~~ lending institution a commitment fee or other fees as set by rule as a condition for the authority purchasing residential mortgage loans.

Sec. 20. **NEW SECTION. 16.5D Specific powers and duties — agricultural development.**

The authority has all of the general and specific powers needed to carry out its purposes and duties as provided in this subchapter and to exercise its specific powers under subchapter VIII.

Sec. 21. Section 16.7, Code 2014, is amended to read as follows:

**16.7 Annual report.**

1. The authority shall submit to the governor and to the general assembly, not later than January 15 each year, ~~a~~ an annual report.

2. The complete annual report shall contain at least three parts which include all of the following:

a. A general description of the authority setting forth:

~~a.~~ (1) Its operations and accomplishments.

~~b.~~ (2) Its receipts and expenditures during the fiscal year, in accordance with the classifications it establishes for its operating and capital accounts.

~~c.~~ (3) Its assets and liabilities at the end of its fiscal year and the status of reserve, special, and other funds.

~~d.~~ (4) A schedule of its bonds and notes outstanding at the end of its fiscal year, together with a statement of the amounts redeemed and issued during its fiscal year.

~~e.~~ (5) A statement of its proposed and projected activities.

~~f.~~ (6) Recommendations to the general assembly, as it deems necessary.

~~g. An analysis of current housing needs in the state.~~

~~2. The annual report shall identify performance~~

(7) Performance goals of the authority, and clearly indicate indicating the extent of progress during the reporting period, in attaining the goals.

b. A summary of housing programs administered under this chapter. The summary shall include an analysis of current housing needs in this state. Where possible, results shall be expressed in terms of housing units.



c. A summary of agricultural development programs administered under subchapter VIII. Where possible, findings and results shall be expressed in terms of number of loans, tax credits, participating qualified beginning farmers, and acres of agricultural land, including by county.

Sec. 22. Section 16.9, Code 2014, is amended by striking the section and inserting in lieu thereof the following:

**16.9 Nondiscrimination and affirmative action.**

In administering its programs under this chapter, the authority shall comply with all applicable state and federal laws relating to nondiscrimination and affirmative action.

Sec. 23. **NEW SECTION. 16.11 Assistance by state officers, agencies, and departments.**

State officers and state departments and agencies may render services to the authority within their respective functions as requested by the authority.

Sec. 24. **NEW SECTION. 16.13 Conflicts of interest.**

1. As used in this section, “*member*” means each individual appointed to any of the following:

a. The board of directors of the authority created pursuant to section 16.2.

b. The board of directors of the agricultural development division created pursuant to section 16.2C.

2. a. If a member or employee of the authority other than the executive director of the authority has an interest, either direct or indirect, in a contract to which the authority is, or is to be, a party, or in a mortgage lender requesting a loan from, or offering to sell mortgage loans to, the authority, the interest shall be disclosed to the authority in writing and shall be set forth in the minutes of the authority. The member or employee having the interest shall not participate in any action of the authority with respect to that contract or mortgage lender.

b. A violation of a provision of this subsection is misconduct in office under section 721.2. However, a resolution of the authority is not invalid because of a vote cast by a member in violation of this subsection unless the vote was decisive in the passage of the resolution.

c. For the purposes of this subsection, “*action of the authority with respect to that contract or mortgage lender*” means only an action directly affecting a separate contract or mortgage lender, and does not include an action which benefits the general public or which affects all or a substantial portion of the contracts or mortgage lenders included in a program of the authority.

3. Nothing in this section shall be deemed to limit the right of a member, officer, or employee of the authority to acquire an interest in bonds or notes of the authority or to limit the right of a member, officer, or employee other than the executive director to have an interest in a financial institution, including a lending institution, in which the funds of the authority are, or are to be, deposited or which is, or is to be, acting as trustee or paying agent under a trust indenture to which the authority is a party.

4. The executive director shall not have an interest in a financial institution, including a lending institution, in which the funds of the authority are, or are to be, deposited or which is, or is to be, acting as trustee or paying agent under a trust indenture to which the authority is a party. The executive director shall not receive, in addition to fixed salary or compensation, any money or valuable thing, either directly or indirectly, or through any substantial interest in any other corporation or business unit, for negotiating, procuring, recommending, or aiding in any purchase or sale of property, or loan, made by the authority, nor shall the executive director be pecuniarily interested, either as principal, coprincipal, agent, or beneficiary, either directly or indirectly, or through any substantial interest in any other corporation or business unit, in any such purchase, sale, or loan.

Sec. 25. **NEW SECTION. 16.16 Liability.**

1. A member, as defined in section 16.13, or a person acting on behalf of the authority while acting within the scope of the member’s or person’s agency or employment, is not subject to personal liability resulting from carrying out the powers and duties in this chapter.

2. The United States and the secretary of agriculture of the United States are not subject to liability by virtue of the transfer of the assets to the authority under this chapter.

3. The treasurer of state shall not be subject to personal liability resulting from carrying out the powers and duties of the authority or the treasurer of state, as applicable, in subchapter X, part 15.

Sec. 26. **NEW SECTION. 16.17 Rules.**

1. The authority shall adopt all rules necessary to administer this chapter.

2. The authority may establish by rule further definitions applicable to this chapter, and clarification of the definitions in this chapter, as it deems convenient and necessary to carry out the public purposes of this chapter including all the following:

a. Any rules necessary to assure eligibility for funds available under federal housing laws, or to assure compliance with federal tax laws relating to the issuance of tax exempt bonds pursuant to the Internal Revenue Code or relating to the allowance of low-income credits under Internal Revenue Code §42.

b. Any rule as necessary to assure eligibility for funds, insurance, or guaranties available under federal laws and to carry out the public purposes of subchapter VIII.

3. The authority may adopt rules pursuant to chapter 17A relating to the purchase and sale of residential mortgage loans and the sale of mortgage-backed securities.

Sec. 27. **NEW SECTION. 16.18 Inconsistent provisions.**

This chapter takes precedence over any conflicting provisions contained in section 535.8, subsection 2, with respect to the use or enforcement of a due-on-sale or similar clause in a mortgage loan agreement, and takes precedence over any conflicting provisions contained in laws enacted after July 1, 1981, with respect to the use or enforcement of a due-on-sale or similar clause in a mortgage loan agreement unless those laws expressly provide that they take precedence over this chapter.

Sec. 28. **NEW SECTION. 16.19 Liberal interpretation.**

This chapter, being necessary for the welfare of this state and its inhabitants, shall be liberally construed to effect its purposes.

Sec. 29. **NEW SECTION. 16.22 Application of funds from sales of obligations.**

All moneys received by or on behalf of the authority, whether as proceeds from the sale of obligations or as revenues, are trust funds to be held and applied solely for the purposes specified in the appropriation, bond resolution, or other document authorizing receipt of the moneys by the authority. A person with which the moneys are deposited shall act as trustee of the moneys and shall hold and apply the moneys for the purposes specified in this chapter subject to limitations specified in this chapter and in the bond resolution authorizing the issuance of the obligations.

Sec. 30. Section 16.26, subsection 4, paragraph a, Code 2014, is amended to read as follows:

a. State the date and series of the issue, ~~be consecutively numbered,~~ and state ~~on their face~~ that they are payable both as to principal and interest solely out of the assets of the authority and do not constitute an indebtedness of this state or any political subdivision of this state other than the authority within the meaning of any constitutional or statutory debt limit.

Sec. 31. Section 16.26, subsections 5 and 6, Code 2014, are amended to read as follows:

5. The authority may issue its bonds for the purpose of refunding any bonds or notes ~~of the authority~~ then outstanding, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the date of redemption of the outstanding bonds or notes. Until the proceeds of bonds issued for the purpose of refunding outstanding bonds or notes are applied to the purchase or retirement of outstanding bonds or notes or the redemption of outstanding bonds or notes, the proceeds may be placed in escrow and be invested and reinvested in accordance with the provisions of this chapter. The interest, income, and profits earned or realized on an investment may also be applied to the payment of the outstanding bonds or notes to be refunded by purchase, retirement, or redemption. After the terms of the escrow have been fully satisfied and carried out, any balance of proceeds and interest earned or realized on the investments may be returned to the authority for use by it in any lawful

manner. All refunding bonds shall be issued and secured and subject to the provisions of this chapter in the same manner and to the same extent as other bonds issued pursuant to this chapter.

6. The authority may issue negotiable bond anticipation notes and may renew them from time to time but the maximum maturity of the notes, including renewals, shall not exceed ten years from the date of issue of the original notes. Notes Bond anticipation notes are payable from any available moneys of the authority not otherwise pledged, or from the proceeds of the sale of bonds of the authority in anticipation of which the bond anticipation notes were issued. Notes Bond anticipation notes may be issued for any corporate purpose of the authority. Notes Bond anticipation notes shall be issued in the same manner as bonds, and bond anticipation notes, and the resolution authorizing them may contain any provisions, conditions, or limitations, not inconsistent with the provisions of this subsection, which the bonds or a bond resolution of the authority may contain. Notes Bond anticipation notes may be sold at public or private sale. In case of default on its bond anticipation notes or violation of any obligations of the authority to the noteholders, the noteholders shall have all the remedies provided in this chapter for bondholders. Notes Bond anticipation notes shall be as fully negotiable as bonds of the authority.

Sec. 32. NEW SECTION. 16.27A Powers relating to loans.

Subject to any agreement with bondholders or noteholders, the authority may renegotiate a mortgage or secured loan or a loan to a lending institution in default, waive a default or consent to the modification of the terms of a mortgage or secured loan or a loan to a lending institution, forgive or forbear all or part of a mortgage or secured loan or a loan to a lending institution, and commence, prosecute, and enforce a judgment in any action, including but not limited to a foreclosure action, to protect or enforce any right conferred upon it by law, mortgage or secured loan agreement, contract or other agreement, and in connection with any action, bid for and purchase the property or acquire or take possession of it, complete, administer, pay the principal of and interest on any obligations incurred in connection with the property, and dispose of and otherwise deal with the property in a manner the authority deems advisable to protect its interests.

Sec. 33. NEW SECTION. 16.29 Agreement of the state.

The state pledges and agrees with the holders of any bonds or notes that the state will not limit or alter the rights vested in the authority to fulfill the terms of agreements made with the holders or in any way to impair the rights and remedies of the holders until the bonds or notes together with the interest on them, plus interest on unpaid installments of interest, and all costs and expenses in connection with an action by or on behalf of the holders are fully met and discharged. The authority may include this pledge and agreement of the state in any agreement with the holders of bonds or notes.

Sec. 34. NEW SECTION. 16.32 Surplus moneys — loan and grant fund.

1. Moneys declared by the authority to be surplus moneys which are not required to service bonds and notes issued by the authority, to pay administrative expenses of the authority, or to accumulate necessary operating or loss reserves, shall be used by the authority to provide grants, loans, subsidies, and services or assistance through programs authorized in this chapter.

2. The authority may establish a loan and grant fund which may be comprised of the proceeds of appropriations, grants, contributions, surplus moneys transferred as provided in this section, and repayment of authority loans made from such fund.

Sec. 35. NEW SECTION. 16.34A Special definition.

As used in this subchapter, unless the context otherwise requires, “*state housing credit ceiling*” means the state housing credit ceiling as defined in Internal Revenue Code §42(h)(3)(C).

Sec. 36. NEW SECTION. 16.35 State housing credit ceiling allocation.

1. The authority is designated the housing credit agency for the allowance of low-income housing credits under the state housing credit ceiling.

2. The authority shall adopt rules and allocation procedures which will ensure the maximum use of available tax credits in order to encourage development of low-income housing in the state. The authority shall consider the following factors in the adoption and application of the allocation rules:

- a. Timeliness of the application.
- b. Location of the proposed housing project.
- c. Relative need in the proposed area for low-income housing.
- d. Availability of low-income housing in the proposed area.
- e. Economic feasibility of the proposed project.
- f. Ability of the applicant to proceed to completion of the project in the calendar year for which the credit is sought.

3. The authority shall adopt rules specifying the application procedure and the allowance of low-income housing credits under the state housing credit ceiling.

**Sec. 37. NEW SECTION. 16.36 Participation in federal housing assistance payments program.**

The authority shall participate in the housing assistance payments program under section 8 of the United States Housing Act of 1937, as amended by §201 of the Housing and Community Development Act of 1974, Pub. L. No. 93-383, codified at 42 U.S.C. §1437 et seq.

**Sec. 38. NEW SECTION. 16.38 Loans to lending institutions.**

1. The authority may make, and contract to make, loans to lending institutions on terms and conditions as the authority determines are reasonably related to protecting the security of the authority's investment and to implementing the purposes of this chapter, and subject to this section. All lending institutions are authorized to borrow from the authority in accordance with the provisions of this section and the rules of the authority.

2. The authority shall require as a condition of each loan to a lending institution that the lending institution, within a reasonable period after receipt of the loan proceeds as the authority prescribes by rule, shall have entered into written commitments to make, and, within a reasonable period thereafter as the authority prescribes by rule, shall have disbursed the loan proceeds in new mortgage loans to low or moderate income families in an aggregate principal amount equal to the amount of the loan. New mortgage loans shall have terms and conditions as the authority prescribes by rules which are reasonably related to implementing the purposes of this chapter.

3. The authority shall require the submission to the authority by each lending institution to which the authority has made a loan, of evidence satisfactory to the authority of the making of new mortgage loans to low or moderate income families as required by this section, and in that connection may, through its members, employees, or agents, inspect the books and records of a lending institution.

4. Compliance by a lending institution with the terms of its agreement with the authority with respect to the making of new mortgage loans to low or moderate income families may be enforced by decree of any district court of this state. The authority may require as a condition of a loan to a national banking association or a federally chartered savings and loan association, the consent of the association to the jurisdiction of courts of this state over any such proceeding. The authority may also require, as a condition of a loan to a lending institution, agreement by the lending institution to the payment of penalties to the authority for violation by the lending institution of its agreement with the authority, and the penalties shall be recoverable at the suit of the authority.

5. The authority shall require that each lending institution receiving a loan pursuant to this section shall issue and deliver to the authority an evidence of its indebtedness to the authority which shall constitute a general obligation of the lending institution and shall bear a date, mature at a time, be subject to prepayment, and contain other provisions consistent with this section and reasonably related to protecting the security of the authority's investment, as the authority determines.

6. Notwithstanding any other provision of this section to the contrary, the interest rate and other terms of loans to lending institutions made from the proceeds of an issue of bonds or

notes of the authority shall be at least sufficient to assure the payment of the bonds or notes and the interest on them as they become due.

7. The authority shall require that loans to lending institutions are additionally secured as to payment of both principal and interest by a pledge of and lien upon collateral security by special escrow funds or other forms of guaranty and in such amounts and forms as the authority shall by resolution determine to be necessary to assure the payment of the loans and the interest thereon as they become due. Collateral security shall consist of direct obligations of, or obligations guaranteed by, the United States or one of its agencies, obligations satisfactory to the authority which are issued by other federal agencies, direct obligations of or obligations guaranteed by a state or a political subdivision of a state, or investment quality obligations approved by the authority.

8. The authority may require that collateral for loans be deposited with a bank, trust company, or other financial institution acceptable to the authority located in this state and designated by the authority as custodian. In the absence of such a requirement, each lending institution shall enter into an agreement with the authority containing provisions as the authority deems necessary to adequately identify and maintain the collateral, service the collateral, and require the lending institution to hold the collateral as an agent for the authority and be accountable to the authority as the trustee of an express trust for the application and disposition of the collateral and the income from it. The authority may also establish additional requirements as the authority deems necessary with respect to the pledging, assigning, setting aside, or holding of collateral and the making of substitutions for it or additions to it and the disposition of income and receipts from it.

9. The authority may require as a condition of loans to lending institutions, any representations and warranties the authority determines are necessary to secure the loans and carry out the purposes of this section.

10. If a provision of this section is inconsistent with a provision of law of this state governing lending institutions, the provision of this section controls for the purposes of this section.

**Sec. 39. NEW SECTION. 16.39 Purchase of mortgage loans.**

1. The authority may purchase, and make advance commitments to purchase, mortgage loans from lending institutions at prices and upon terms and conditions as the authority determines subject to this section. However, the total purchase price for all mortgage loans which the authority commits to purchase from a lending institution at any one time shall not exceed the total of the unpaid principal balances of the mortgage loans purchased. Lending institutions are authorized to sell mortgage loans to the authority in accordance with the provisions of this section and the rules of the authority.

2. The authority shall require as a condition of purchase of mortgage loans from lending institutions that the lending institutions, within a reasonable period after receipt of the purchase price as the authority prescribes by rule, shall enter into written commitments to loan and, within a reasonable period thereafter as the authority prescribes by rule, shall loan an amount equal to the entire purchase price of the mortgage loans, on new mortgage loans to low or moderate income families or certify that mortgage loans purchased are mortgage loans made to low or moderate income families. New mortgage loans to be made by lending institutions shall have terms and conditions as the authority prescribes by rule. The authority may make a commitment to purchase mortgage loans from lending institutions in advance of the time such loans are made by lending institutions. The authority shall require as a condition of such commitment that lending institutions certify in writing that all mortgage loans represented by the commitment will be made to low or moderate income families, and that other authority specifications will be complied with.

3. The authority shall require the submission to the authority by each lending institution from which the authority has purchased mortgages, of evidence satisfactory to the authority of the making of new mortgage loans to low or moderate income families as required by this section and in that connection may, through its members, employees, or agents, inspect the books and records of a lending institution.

4. Compliance by a lending institution with the terms of its agreement with the authority with respect to the making of new mortgage loans to low or moderate income families may be enforced by decree of any district court of this state. The authority may require as a condition

of purchase of mortgage loans from any national banking association or federally chartered savings and loan association, the consent of the association to the jurisdiction of courts of this state over any such proceeding. The authority may also require as a condition of the authority's purchase of mortgage loans from a lending institution, agreement by the lending institution to the payment of penalties to the authority for violation by the lending institution of its agreement with the authority, and the penalties shall be recoverable at the suit of the authority.

5. The authority may require as a condition of purchase of a mortgage loan from a lending institution that the lending institution represent and warrant to the authority that:

a. The unpaid principal balance of the mortgage loan and the interest rate on it have been accurately stated to the authority.

b. The amount of the unpaid principal balance is justly due and owing.

c. The lending institution has no notice of the existence of any counterclaim, offset, or defense asserted by the mortgagor or the mortgagor's successor in interest.

d. The mortgage loan is evidenced by a bond or promissory note and a mortgage which has been properly recorded with the appropriate public official.

e. The mortgage constitutes a valid first lien on the real property described to the authority subject only to real property taxes not yet due, installments of assessments not yet due, and easements and restrictions of record which do not adversely affect, to a material degree, the use or value of the real property or improvements on it.

f. The mortgagor is not now in default in the payment of any installment of principal or interest, escrow funds, or real property taxes, or otherwise in the performance of obligations under the mortgage documents and has not to the knowledge of the lending institution been in default in the performance of any obligation under the mortgage for a period of longer than sixty days during the life of the mortgage.

g. The improvements to the mortgaged real property are covered by a valid and subsisting policy of insurance issued by a company authorized to issue such policies in this state and providing fire and extended coverage in amounts as the authority prescribes by rule.

h. The mortgage loan meets the prevailing investment quality standards for mortgage loans in this state.

6. A lending institution is liable to the authority for damages suffered by the authority by reason of the untruth of a representation or the breach of a warranty and, in the event that a representation proves to be untrue when made or in the event of a breach of warranty, the lending institution shall, at the option of the authority, repurchase the mortgage loan for the original purchase price adjusted for amounts subsequently paid on it, as the authority determines.

7. The authority shall require the recording of an assignment of a mortgage loan purchased by the authority from a lending institution and shall not be required to notify the mortgagor of the authority's purchase of the mortgage loan. The authority shall not be required to inspect or take possession of the mortgage documents if the mortgage lender from which the mortgage loan is purchased by the authority enters into a contract to service the mortgage loan and account to the authority for it.

8. If a provision of this section is inconsistent with another provision of law of this state governing lending institutions, the provision of this section controls for the purposes of this section.

Sec. 40. Section 16.40, subsection 3, Code 2014, is amended to read as follows:

3. The authority may use moneys in the fund to provide financial assistance to a housing sponsor or an individual in the form of a loan, loan guarantee guaranty, grant, or interest subsidy, or by other means under the general powers of the authority.

Sec. 41. **NEW SECTION. 16.46 Senior living revolving loan program fund.**

1. A senior living revolving loan program fund is created within the authority. The moneys in the senior living revolving loan program fund shall be used by the authority for the development and operation of a revolving loan program to provide financing to construct affordable assisted living and service-enriched affordable housing for seniors and persons with disabilities, including through new construction or acquisition and rehabilitation.

2. Moneys transferred by the authority for deposit in the senior living revolving loan program fund, moneys appropriated to the senior living revolving loan program, and any other moneys available to and obtained or accepted by the authority for placement in the senior living revolving loan program fund shall be deposited in the fund. Additionally, payment of interest, recaptures of awards, and other repayments to the senior living revolving loan program fund shall be deposited in the fund. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys in the senior living revolving loan program fund shall be credited to the fund. Notwithstanding section 8.33, moneys that remain unencumbered or unobligated at the end of the fiscal year shall not revert but shall remain available for the same purpose in the succeeding fiscal year.

3. The authority shall annually allocate moneys available in the senior living revolving loan program fund for the development of affordable assisted living and service-enriched affordable housing for seniors and persons with disabilities. The authority shall develop a joint application process for the allocation of federal low-income housing tax credits and funds available under this section. Moneys allocated to such developments may be in the form of loans, grants, or a combination of loans and grants.

**Sec. 42. NEW SECTION. 16.47 Home and community-based services revolving loan program fund.**

1. A home and community-based services revolving loan program fund is created within the authority to further the goals specified in section 231.3, adult day services, respite services, congregate meals, health and wellness, health screening, and nutritional assessments. The moneys in the home and community-based services revolving loan program fund shall be used by the authority for the development and operation of a revolving loan program to develop and expand facilities and infrastructure that provide adult day services, respite services, congregate meals, and programming space for health and wellness, health screening, and nutritional assessments that address the needs of persons with low incomes.

2. Moneys transferred by the authority for deposit in the home and community-based services revolving loan program fund, moneys appropriated to the home and community-based services revolving loan program, and any other moneys available to and obtained or accepted by the authority for placement in the home and community-based services revolving loan program fund shall be deposited in the fund. Additionally, payment of interest, recaptures of awards, and other repayments to the home and community-based services revolving loan program fund shall be deposited in the fund. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys in the home and community-based services revolving loan program fund shall be credited to the fund. Notwithstanding section 8.33, moneys that remain unencumbered or unobligated at the end of the fiscal year shall not revert but shall remain available for the same purpose in the succeeding fiscal year.

3. The authority, in cooperation with the department on aging, shall annually allocate moneys available in the home and community-based services revolving loan program fund to develop and expand facilities and infrastructure that provide adult day services, respite services, congregate meals, and programming space for health and wellness, health screening, and nutritional assessments that address the needs of persons with low incomes.

**Sec. 43. NEW SECTION. 16.48 Transitional housing revolving loan program fund.**

1. A transitional housing revolving loan program fund is created within the authority to further the availability of affordable housing for parents that are reuniting with their children while completing or participating in substance abuse treatment. The moneys in the fund are annually appropriated to the authority to be used for the development and operation of a revolving loan program to provide financing to construct affordable transitional housing, including through new construction or acquisition and rehabilitation of existing housing. The housing provided shall be geographically located in close proximity to licensed substance abuse treatment programs. Preference in funding shall be given to projects that reunite mothers with the mothers' children.

2. Moneys transferred by the authority for deposit in the transitional housing revolving loan program fund, moneys appropriated to the transitional housing revolving loan program,

and any other moneys available to and obtained or accepted by the authority for placement in the fund shall be deposited in the fund. Additionally, payment of interest, recaptures of awards, and other repayments to the transitional housing revolving loan program fund shall be credited to the fund. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys in the transitional housing revolving loan program fund shall be credited to the fund. Notwithstanding section 8.33, moneys that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for the same purpose in the succeeding fiscal year.

3. The authority shall annually allocate moneys available in the transitional housing revolving loan program fund for the development of affordable transitional housing for parents that are reuniting with the parents' children while completing or participating in substance abuse treatment. The authority shall develop a joint application process for the allocation of federal low-income housing tax credits and the funds available under this section. Moneys allocated to such projects may be in the form of loans, grants, or a combination of loans and grants.

**Sec. 44. NEW SECTION. 16.49 Community housing and services for persons with disabilities revolving loan program fund.**

1. A community housing and services for persons with disabilities revolving loan program fund is created within the authority to further the availability of affordable housing and supportive services for Medicaid waiver-eligible individuals with behaviors that provide significant barriers to accessing traditional rental and supportive services opportunities. The moneys in the fund are annually appropriated to the authority to be used for the development and operation of a revolving loan program to provide financing to construct affordable permanent supportive housing or develop infrastructure in which to provide supportive services, including through new construction, acquisition and rehabilitation of existing housing or infrastructure, or conversion or adaptive reuse.

2. Moneys transferred by the authority for deposit in the community housing and services for persons with disabilities revolving loan program fund, moneys appropriated to the community housing and services for persons with disabilities revolving loan program, and any other moneys available to and obtained or accepted by the authority for placement in the fund shall be credited to the fund. Additionally, payment of interest, recaptures of awards, and other repayments to the community housing and services for persons with disabilities revolving loan program fund shall be credited to the fund. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys in the fund shall be credited to the fund. Notwithstanding section 8.33, moneys credited to the fund from any other fund that remain unencumbered or unobligated at the close of the fiscal year shall not revert to the other fund.

3. *a.* The authority shall annually allocate moneys available in the fund for the development of permanent supportive housing for Medicaid waiver-eligible individuals. The authority shall develop a joint application process for the allocation of United States housing and urban development HOME investment partnerships program funding and the funds available under this section. Moneys allocated to such projects may be in the form of loans, forgivable loans, or a combination of loans and forgivable loans.

*b.* The authority shall annually allocate moneys available in the fund for the development of infrastructure in which to provide supportive services for Medicaid waiver-eligible individuals who meet the psychiatric medical institution for children level of care. Moneys allocated to such projects may be in the form of loans, forgivable loans, or a combination of loans and forgivable loans.

4. *a.* A project shall demonstrate written approval of the project by the department of human services to the authority prior to application for funding under this section.

*b.* In order to be approved by the department of human services for application for funding for development of permanent supportive housing under this section, a project shall include all of the following components:

(1) Provision of services to any of the following Medicaid waiver-eligible individuals:

(a) Individuals who are currently underserved in community placements, including individuals who are physically aggressive or have behaviors that are difficult to manage or individuals who meet the psychiatric medical institution for children level of care.



- (b) Individuals who are currently residing in out-of-state facilities.
- (c) Individuals who are currently receiving care in a licensed health care facility.
- (2) A plan to provide each individual with crisis stabilization services to ensure that the individual's behavioral issues are appropriately addressed by the provider.
- (3) Policies and procedures that prohibit discharge of the individual from the waiver services provided by the project provider unless an alternative placement that is acceptable to the client or the client's guardian is identified.
- c. In order to be approved by the department of human services for application for funding for development of infrastructure in which to provide supportive services under this section, a project shall include all of the following components:
  - (1) Provision of services to Medicaid waiver-eligible individuals who meet the psychiatric medical institution for children level of care.
  - (2) Policies and procedures that prohibit discharge of the individual from the waiver services provided by the project provider unless an alternative placement that is acceptable to the client or the client's guardian is identified.
- d. Housing provided through a project under this section is exempt from the requirements of chapter 135O.

**Sec. 45. NEW SECTION. 16.50 Workforce housing assistance grant fund.**

1. A workforce housing assistance grant fund is created under the control of the authority. The fund shall consist of appropriations made to the fund. The fund shall be separate from the general fund of the state and the balance in the fund shall not be considered part of the balance of the general fund of the state. However, the fund shall be considered a special account for the purposes of section 8.53, relating to generally accepted accounting principles.
2. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys in the fund shall be credited to the fund.
3. a. Moneys in the fund in a fiscal year are appropriated to the authority to be used for grants for projects that create workforce housing or for projects that include adaptive reuse of buildings for workforce housing. For purposes of this section, "workforce housing" means housing that is affordable for a household whose income does not exceed one hundred twenty percent of the median income for the area.
  - b. Priority shall be given to the following types of projects:
    - (1) Projects that are eligible for historic preservation and cultural and entertainment district tax credits under section 404A.1.
    - (2) Projects for the construction of new single-family dwellings that incorporate one or more energy-efficient measures. The authority shall by rule identify the types of energy-efficient measures that will qualify a project for priority under this subparagraph.
    - (3) Projects that utilize new markets tax credits, established under the federal Community Renewal Tax Relief Act of 2000, Pub. L. No. 106-554, 114 Stat. 2763A, and undertaken by a qualified community development entity, as defined in the federal Act.
    - (4) Projects that are located in an area where other state funding has been used to support the creation of new jobs.
      - c. In any fiscal year, an area shall not receive grants totaling more than twenty-five percent of the moneys expended from the fund in that fiscal year. For purposes of this paragraph, "area" means the same area used to determine the median income under paragraph "a".
4. Annually, on or before January 15 of each year, the authority shall report to the legislative services agency and the department of management the status of all projects that received moneys from the workforce housing assistance grant fund. The report shall include a description of each project, the progress of work completed, the total estimated cost of each project, a list of all revenue sources being used to fund each project, the amount of funds expended, the amount of funds obligated, and the date each project was completed or an estimated completion date of each project, where applicable.
5. Payment of moneys from appropriations from the fund shall be made in a manner that does not adversely affect the tax exempt status of any outstanding bonds issued by the treasurer of state pursuant to section 12.87.

**Sec. 46. NEW SECTION. 16.56 Jumpstart housing assistance program.**

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

a. “*Disaster-affected home*” means a primary residence that was destroyed or damaged due to a natural disaster occurring after May 24, 2008, and before August 14, 2008.

b. “*Local government participant*” means the cities of Ames, Cedar Falls, Cedar Rapids, Council Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Waterloo, and West Des Moines; a council of governments whose territory includes at least one county that was declared a disaster area by the president of the United States after May 24, 2008, and before August 14, 2008; and any county that is not part of any council of governments and was declared a disaster area by the president of the United States after May 24, 2008, and before August 14, 2008.

2. The authority shall establish and administer a jumpstart housing assistance program. Under the program, the authority shall provide grants to local government participants for purposes of distributing the moneys to eligible residents for eligible purposes which relate to disaster-affected homes.

3. An eligible resident is a person residing in a disaster-affected home who is the owner of record of a right, title, or interest in the disaster-affected home and who has been approved by the federal emergency management agency for housing assistance. An eligible resident must have a family income equal to or less than one hundred fifty percent of the area median family income.

4. Eligible purposes include forgivable loans for down payment assistance, emergency housing repair or rehabilitation, and interim mortgage assistance. An eligible resident who receives a forgivable loan may also receive energy efficiency assistance which shall be added to the principal of the forgivable loan.

5. A local government participant may retain a portion of the grant moneys for administrative purposes as provided in a grant agreement between the authority and the local government participant.

6. Any money paid to a local government participant by an eligible resident shall be remitted to the authority for deposit in the housing assistance fund created in section 16.40.

7. As determined by the authority, unused or unobligated moneys may be reclaimed and reallocated by the authority to other local government participants.

**Sec. 47. NEW SECTION. 16.57 Residential treatment facilities.**

1. The authority may issue its bonds and notes and loan the proceeds of the bonds or notes to a nonprofit corporation for the purpose of financing the acquisition or construction of residential housing or treatment facilities serving juveniles or persons with disabilities.

2. The authority may enter into a loan agreement with a nonprofit corporation for the purpose of financing the acquisition or construction of residential housing or treatment facilities serving juveniles or persons with disabilities and shall provide for payment of the loan and security for the loan as the authority deems advisable.

3. In the resolution authorizing the issuance of the bonds or notes pursuant to this section, the authority may provide that the related principal and interest are limited obligations payable solely out of the revenues derived from the debt obligation, collateral, or other security furnished by or on behalf of the nonprofit corporation, and the principal or interest does not constitute an indebtedness of the authority or a charge against the authority’s general credit or general fund.

4. The powers granted the authority under this section are in addition to the authority’s other powers under this chapter. All other provisions of this chapter, except section 16.28, subsection 4, apply to bonds or notes issued pursuant to, and powers granted to the authority under this section, except to the extent the provisions are inconsistent with this section.

**Sec. 48. NEW SECTION. 16.58 Definitions.**

As used in this subchapter, unless the context otherwise requires:

1. “*Agricultural assets*” means agricultural land, depreciable agricultural property, crops, or livestock.

2. “*Agricultural improvements*” means any improvements, buildings, structures, or fixtures suitable for use in farming which are located on agricultural land.

3. “*Agricultural land*” means land suitable for use in farming.

4. “*Agricultural producer*” means a person that engages or wishes to engage or intends to engage in the business of producing and marketing agricultural produce in this state.

5. “*Bankhead-Jones Farm Tenant Act*” means the Act cited as 50 Stat. 522 (1937), formerly codified as 7 U.S.C. §1000 et seq., repealed by Pub. L. No. 87-128 (1961).

6. “*Beginning farmer*” means an individual, partnership, family farm corporation, or family farm limited liability company, with a low or moderate net worth that engages in farming or wishes to engage in farming.

7. “*Beginning farmer tax credit program*” means all of the following:

a. The agricultural assets transfer tax credit as provided in section 16.80.

b. The custom farming contract tax credit as provided in section 16.81.

8. “*Family farm corporation*” means the same as defined in section 9H.1.

9. “*Family farm limited liability company*” means the same as defined in section 9H.1.

10. “*Farming*” means the cultivation of land for the production of agricultural crops, the raising of poultry, the production of eggs, the production of milk, the production of fruit or other horticultural crops, grazing, the production of livestock, aquaculture, hydroponics, the production of forest products, or other activities designated by the authority by rules subject to chapter 17A.

11. “*Low or moderate net worth*” means a net worth that does not exceed the maximum allowable net worth established by the authority. The authority shall establish the maximum allowable net worth in accordance with the prices paid by farmers index as compiled by the United States department of agriculture.

12. “*Production item*” includes tools, machinery, or equipment principally used to produce crops or livestock.

13. “*Qualified beginning farmer*” means a beginning farmer who meets the requirements to participate in a beginning farmer tax credit program as provided in part 5, subpart B.

**Sec. 49. NEW SECTION. 16.59 Special financing — calculations.**

A low or moderate net worth requirement provided in this subchapter applies to an individual, partnership, family farm corporation, or family farm limited liability company. The requirement as applied to each such person is calculated as follows:

1. For an individual, an aggregate net worth of the individual and the individual’s spouse and minor children not greater than the low or moderate net worth.

2. For a partnership, an aggregate net worth of all partners, including each partner’s net capital in the partnership, and each partner’s spouse and minor children not greater than twice the low or moderate net worth. However, the aggregate net worth of each partner and that partner’s spouse and minor children shall not exceed the low or moderate net worth.

3. For a family farm corporation, an aggregate net worth of all shareholders, including the value of each shareholder’s share in the family farm corporation, and each shareholder’s spouse and minor children not greater than twice the low or moderate net worth. However, the aggregate net worth of each shareholder and that shareholder’s spouse and minor children shall not exceed the low or moderate net worth.

4. For a family farm limited liability company, an aggregate net worth of all members, including each member’s ownership interest in the family farm limited liability company, and each member’s spouse and minor children of not greater than the low or moderate net worth. However, the aggregate net worth of each member and that member’s spouse and minor children shall not exceed the low or moderate net worth.

**Sec. 50. NEW SECTION. 16.60 Combination programs.**

Programs authorized in this subchapter may be combined with any other programs authorized in this chapter or any other public or private programs.

**Sec. 51. NEW SECTION. 16.62 Trust assets.**

The authority shall make application to and receive from the United States secretary of agriculture, or any other proper federal official, pursuant and subject to the provisions of Pub. L. No. 81-499, 64 Stat. 152 (1950), formerly codified at 40 U.S.C. §440 et seq. (1976), all of the trust assets held by the United States in trust for the Iowa rural rehabilitation corporation now dissolved.

Sec. 52. NEW SECTION. **16.63 Agreements.**

The authority may enter into agreements with the United States secretary of agriculture pursuant to Pub. L. No. 81-499 §2(f) (1950) upon terms and conditions and for periods of time as mutually agreeable, authorizing the authority to accept, administer, expend, and use in the state of Iowa all or any part of the trust assets or other funds in the state of Iowa which have been appropriated for use in carrying out the purposes of the Bankhead-Jones Farm Tenant Act and to do any and all things necessary to effectuate and carry out the purposes of such agreements.

Sec. 53. NEW SECTION. **16.64 Bonds and notes — tax exemption.**

1. An action shall not be brought questioning the legality of any bonds or notes or the power of the authority to issue any bonds or notes or to the legality of any proceedings in connection with the authorization or issuance of the bonds or notes after determination by the board of the authority to proceed with the issuance of the bonds or notes sixty days from the date of publication of the notice.

2. Bonds and notes issued by the authority for purposes of financing the beginning farmer loan program provided in section 16.75 are exempt from taxation by the state, and interest earned on the bonds and notes is deductible in determining net income for purposes of the state individual and corporate income tax under divisions II and III of chapter 422.

Sec. 54. NEW SECTION. **16.70 Loans to lending institutions.**

1. The authority may make and contract to make loans to lending institutions on terms and conditions the authority determines are reasonably related to protecting the security of the authority's investment and to implementing the purposes of this subchapter. Lending institutions are authorized to borrow from the authority in accordance with the provisions of this section and the rules of the authority.

2. The authority shall require as a condition of each loan to a lending institution that the lending institution, within a reasonable period after receipt of the loan proceeds as the authority prescribes by rule, shall have entered into written commitments to make and, within a reasonable period thereafter as the authority prescribes by rule, shall have disbursed the loan proceeds in new mortgage or secured loans to beginning farmers in an aggregate principal amount of not less than the amount of the loan. New mortgage or secured loans shall have terms and conditions as the authority prescribes by rules which are reasonably related to implementing the purposes of this subchapter as provided in subchapter III.

3. The authority shall require the submission by each lending institution to which the authority has made a loan, of evidence satisfactory to the authority of the making of new mortgage or secured loans to beginning farmers as required by this section, and in that connection may, through its members, employees, or agents, inspect the books and records of a lending institution.

4. Compliance by a lending institution with the terms of its agreement with the authority with respect to the making of new mortgage or secured loans to beginning farmers may be enforced by decree of any district court of this state. The authority may require as a condition of a loan to a national banking association or a federally chartered savings and loan association, the consent of the association to the jurisdiction of the courts of this state over any enforcement proceeding. The authority may also require, as a condition of a loan to a lending institution, agreement by the lending institution to the payment of penalties to the authority for violation by the lending institution of its agreement with the authority, and the penalties shall be recoverable at the suit of the authority.

5. The authority shall require that each lending institution receiving a loan pursuant to this section shall issue and deliver to the authority evidence of its indebtedness to the authority which shall constitute a general obligation of the lending institution and shall bear a date, mature at a time, be subject to prepayment, and contain other provisions consistent with this section and reasonably related to protecting the security of the authority's investment, as the authority determines.

6. Notwithstanding any other provision of this section, the interest rate and other terms of loans to lending institutions made from the proceeds of an issue of bonds or notes of the

authority shall be at least sufficient to assure the payment of the bonds or notes and the interest on them as they become due.

7. The authority may require that loans to lending institutions are additionally secured as to payment of both principal and interest by a pledge of and lien upon collateral security by special escrow funds or other forms of guaranty and in amounts and forms as the authority by resolution determines to be necessary to assure the payment of the loans and the interest as they become due. Collateral security shall consist of direct obligations of or obligations guaranteed by the United States or one of its agencies, obligations satisfactory to the authority which are issued by other federal agencies, direct obligations of or obligations guaranteed by a state or a political subdivision of a state, or investment quality obligations approved by the authority.

8. The authority may require that collateral for loans be deposited with a bank, trust company, or other financial institution acceptable to the authority located in this state and designated by the authority as custodian. In the absence of that requirement, each lending institution shall enter into an agreement with the authority containing provisions the authority deems necessary to adequately identify and maintain the collateral, service the collateral and require the lending institution to hold the collateral as an agent for the authority, and be accountable to the authority as the trustee of an express trust for the application and disposition of the collateral and the income from it. The authority may also establish additional requirements the authority deems necessary with respect to the pledging, assigning, setting aside, or holding of collateral and the making of substitutions for it or additions to it and the disposition of income and receipts from it.

9. The authority may require as a condition of loans to lending institutions any representations and warranties the authority determines are necessary to secure the loans and carry out the purposes of this section.

10. The authority may require the beginning farmer to satisfy conditions and requirements normally imposed by lending institutions in making similar loans, including but not limited to the purchase of capital stock in the federal land bank.

11. If a provision of this section is inconsistent with a provision of law of this state governing lending institutions, the provision of this section controls for the purposes of this section.

**Sec. 55. NEW SECTION. 16.71 Purchase of loans.**

1. The authority may purchase and make advance commitments to purchase mortgage or secured loans from lending institutions at prices and upon terms and conditions as the authority determines. However, the total purchase price for all mortgage or secured loans which the authority commits to purchase from a lending institution at any one time shall not exceed the total of the unpaid principal balances of the mortgage or secured loans purchased. Lending institutions are authorized to sell mortgage or secured loans to the authority in accordance with the provisions of this section and the rules of the authority.

2. The authority shall require as a condition of purchase of mortgage or secured loans from lending institutions that the lending institutions certify that the mortgage or secured loans purchased are loans made to beginning farmers. Mortgage or secured loans to be made by lending institutions shall have terms and conditions as the authority prescribes by rule. The authority may make a commitment to purchase mortgage or secured loans from lending institutions in advance of the time the loans are made by lending institutions. The authority shall require as a condition of a commitment that lending institutions certify in writing that all mortgage or secured loans represented by the commitment will be made to beginning farmers and that the lending institution will comply with other authority specifications.

3. The authority shall require the submission to it by each lending institution from which the authority has purchased loans of evidence satisfactory to the authority of the making of mortgage or secured loans to beginning farmers as required by this section and in that connection may, through its members, employees, or agents, inspect the books and records of a lending institution.

4. Compliance by a lending institution with the terms of its agreement with the authority with respect to the making of mortgage or secured loans to beginning farmers may be enforced by decree of any district court of this state. The authority may require as a condition of purchase of mortgage or secured loans from any national banking association

or federally chartered savings and loan association the consent of the association to the jurisdiction of the courts of this state over any enforcement proceeding. The authority may also require as a condition of the purchase of mortgage or secured loans from a lending institution agreement by the lending institution to the payment of penalties to the authority for violation by the lending institution of its agreement with the authority and the penalties shall be recoverable at the suit of the authority.

5. The authority may require as a condition of purchase of a mortgage or secured loan from a lending institution that the lending institution make representations and warranties the authority requires. A lending institution is liable to the authority for damages suffered by the authority by reason of the untruth of a representation or the breach of a warranty and, in the event that a representation proves to be untrue when made or in the event of a breach of warranty, the lending institution shall, at the option of the authority, repurchase the mortgage or secured loan for the original purchase price adjusted for amounts subsequently paid on it, as the authority determines.

6. The authority shall require the recording of an assignment of a mortgage loan purchased by the authority from a lending institution and is not required to notify the mortgagor of the authority's purchase of the mortgage loan. The authority is not required to inspect or take possession of the mortgage documents if the lending institution from which the mortgage loan is purchased enters into a contract to service the mortgage loan and account to the authority for it.

7. If a provision of this section is inconsistent with another provision of law of this state governing lending institutions, the provision of this section controls for the purposes of this section.

**Sec. 56. NEW SECTION. 16.75 Beginning farmer loan program.**

1. The authority shall develop a beginning farmer loan program to facilitate the acquisition of agricultural land and improvements and depreciable agricultural property by beginning farmers. The authority shall exercise the powers granted to the authority in this chapter in order to fulfill the goal of providing financial assistance to beginning farmers in the acquisition of agricultural land and agricultural improvements and depreciable agricultural property. The authority may participate in and cooperate with programs of the United States department of agriculture consolidated farm service agency, federal land bank, or any other agency or instrumentality of the federal government or with any program of any other state agency in the administration of the beginning farmer loan program and in the making of loans or purchasing of mortgage or secured loans pursuant to this subchapter.

2. The authority may participate in any federal programs designed to assist beginning farmers or in any related federal or state programs.

3. The authority shall provide in a beginning farmer loan program that a loan to or on behalf of a beginning farmer shall be provided only if the following criteria are satisfied:

a. The beginning farmer is a resident of the state.

b. The agricultural land and agricultural improvements or depreciable agricultural property the beginning farmer proposes to purchase will be located in the state.

c. The beginning farmer has sufficient education, training, or experience in the type of farming for which the beginning farmer requests the loan.

d. If the loan is for the acquisition of agricultural land, the beginning farmer has or will have access to adequate working capital, farm equipment, machinery, or livestock. If the loan is for the acquisition of depreciable agricultural property, the beginning farmer has or will have access to adequate working capital or agricultural land.

e. The beginning farmer shall materially and substantially participate in farming.

f. The agricultural land and agricultural improvements shall only be used for farming by the beginning farmer, the beginning farmer's spouse, or the beginning farmer's minor children.

g. Other criteria as the authority prescribes by rule.

4. The authority may provide in a loan made or purchased pursuant to this subchapter that the loan shall not be assumed or that any interest in the agricultural land or improvements or depreciable agricultural property may not be leased, sold, or otherwise conveyed without the authority's prior written consent, and may provide a due-on-sale clause with respect to the occurrence of any of the foregoing events without the authority's prior written consent. The

authority may provide by rule the grounds for permitted assumptions of a mortgage or for the leasing, sale, or other conveyance of any interest in the agricultural land or improvements. However, the authority shall provide and state in a loan that the authority has the power to raise the interest rate of the loan to the prevailing market rate if the loan is assumed by a farmer who is already established in that field at the time of the assumption of the loan. This provision controls with respect to a loan made or purchased pursuant to this subchapter notwithstanding the provisions of chapter 535.

5. The authority may participate in any interest in any loan made or purchased pursuant to this subchapter with a lending institution. The participation interest may be on a parity with the interest in the loan retained by the authority, equally and ratably secured by a mortgage or security agreement securing the loan.

**Sec. 57. NEW SECTION. 16.76 Loans to beginning farmers.**

1. As used in this section, “loan” includes financing pursuant to an installment contract or contract for purchase arrangement.

2. The authority may make loans, including but not limited to mortgage or secured loans, or loans insured, guaranteed, or otherwise secured by the federal government or a federal governmental agency or instrumentality, or a state agency or private mortgage insurers, to beginning farmers to provide financing for agricultural land and agricultural improvements or depreciable agricultural property.

3. A loan shall contain terms and provisions, including interest rates, and be in a form established by rules of the authority. The authority may require a beginning farmer to execute a note, loan, or financing agreement, or other evidence of indebtedness and to furnish additional assurances and guaranties, including insurance, reasonably related to protecting the security of the loan, as the authority deems necessary.

**Sec. 58. NEW SECTION. 16.78 Administration of beginning farmer tax credit program.**

1. To every extent practicable, the authority shall administer tax credits under the beginning farmer tax credit program in a uniform manner that encourages participation by qualified beginning farmers. The authority shall determine a qualified beginning farmer’s low or moderate net worth by using a single method applicable to all its programs, including the beginning farmer tax credit program.

2. The authority shall establish a due date to receive applications to participate in the beginning farmer tax credit program. The authority may establish different due dates for applications to qualify for each beginning farmer tax credit.

3. The department of revenue shall cooperate with the authority in administering the beginning farmer tax credit program.

**Sec. 59. NEW SECTION. 16.79 Criteria for beginning farmers qualifying to participate in the beginning farmer tax credit program.**

A beginning farmer qualifies to participate in the beginning farmer tax credit program as provided in this subchapter by meeting all of the following criteria:

1. Is a resident of the state. If the beginning farmer is a partnership, all partners must be residents of the state. If a beginning farmer is a family farm corporation, all shareholders must be residents of the state. If the beginning farmer is a family farm limited liability company, all members must be residents of the state.

2. Has sufficient education, training, or experience in farming. If the beginning farmer is a partnership, each partner who is not a minor must have sufficient education, training, or experience in farming. If the beginning farmer is a family farm corporation, each shareholder who is not a minor must have sufficient education, training, or experience in farming. If the beginning farmer is a family farm limited liability company, each member who is not a minor must have sufficient education, training, or experience in farming.

3. Has access to adequate working capital and production items.

4. Will materially and substantially participate in farming. If the beginning farmer is a partnership, family farm corporation, or family farm limited liability company, each partner,

shareholder, or member who is not a minor must materially and substantially participate in farming.

5. Is not responsible for managing or maintaining agricultural land and other agricultural assets that are greater than necessary to adequately support a beginning farmer as determined by the authority according to rules which shall be adopted by the authority.

Sec. 60. NEW SECTION. **16.80 Agricultural assets transfer tax credit — agreement.**

1. An agricultural assets transfer tax credit is allowed under this section. The tax credit is allowed against the taxes imposed in chapter 422, division II, as provided in section 422.11M, and in chapter 422, division III, as provided in section 422.33, to facilitate the transfer of agricultural assets from a taxpayer to a qualified beginning farmer.

2. In order to qualify for the tax credit, the taxpayer must meet qualifications established by rules adopted by the authority. At a minimum, the taxpayer must comply with all of the following:

a. Be a person who may acquire or otherwise obtain or lease agricultural land in this state pursuant to chapter 9H or 9I. However, the taxpayer must not be a person who may acquire or otherwise obtain or lease agricultural land exclusively because of an exception provided in one of those chapters or in a provision of another chapter of this Code including but not limited to chapter 10, 10D, or 501, or section 15E.207.

b. Execute an agricultural assets transfer agreement with a qualified beginning farmer as provided in this section.

3. An individual may claim a tax credit under this section of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust.

4. The tax credit is allowed only for agricultural assets that are subject to an agricultural assets transfer agreement. The agreement shall provide for the lease of agricultural land located in this state, including any improvements, and may provide for the rental of agricultural equipment as defined in section 322F.1.

a. The agreement shall include a lease made on a cash basis or on a commodity share basis which includes a share of the crops or livestock produced on the agricultural land. The agreement shall be in writing.

b. The agreement shall be for at least two years, but not more than five years. The agreement or that part of the agreement providing for the lease may be renewed by the qualified beginning farmer for a term of at least two years, but not more than five years. An agreement does not include a lease or the rental of equipment intended as a security.

c. The agricultural transfer agreement cannot be assigned and the land subject to the agreement cannot be subleased.

5. The tax credit shall be based on the agricultural assets transfer agreement. The agreement shall be based on a cash basis or a commodity share basis or both.

a. For an agreement that includes a lease on a cash basis, the tax credit shall be computed as follows:

(1) If the qualified beginning farmer is not a veteran, the taxpayer may claim a tax credit equal to seven percent of the gross amount paid to the taxpayer under the agreement for each tax year that the tax credit is allowed.

(2) If the qualified beginning farmer is a veteran, the taxpayer may claim eight percent of the gross amount paid to the taxpayer under the agreement for the first year that the tax credit is allowed and seven percent of the gross amount paid to the taxpayer for each subsequent tax year that the tax credit is allowed. However, the taxpayer may only claim seven percent of the gross amount paid to the taxpayer under a renewed agreement or a new agreement executed by the same parties.

b. For an agreement that includes a lease on a commodity share basis, the tax credit shall be computed as follows:

(1) (a) If the qualified beginning farmer is not a veteran, the taxpayer may claim a tax credit equal to seventeen percent of the amount paid to the taxpayer from crops or animals



sold under the agreement in which the payment is exclusively made from the sale of crops or animals.

(b) If the qualified beginning farmer is a veteran, the taxpayer may claim a tax credit equal to eighteen percent of the amount paid to the taxpayer from crops or animals sold under the agreement for the first tax year that the taxpayer is allowed the tax credit and seventeen percent of the amount paid to the taxpayer for each subsequent tax year that the taxpayer is allowed the tax credit. However, the taxpayer may only claim seventeen percent of the amount paid to the taxpayer from crops or animals sold for any tax year under a renewed agreement or a new agreement executed by the same parties.

(2) Notwithstanding subparagraph (1), the authority may elect an alternative method to compute a tax credit for a lease based on a crop share basis. The alternative method shall utilize a formula which uses data compiled by the United States department of agriculture. The formula shall calculate the amount of the tax credit by multiplying the average per bushel yield for the same type of grain as produced under the lease in the same county where the leased land is located by a per bushel state price established for such type of grain harvested the previous fall.

6. A tax credit in excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following five<sup>1</sup> years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer redeems the tax credit. A tax credit shall not be transferable to any other person other than the taxpayer's estate or trust upon the taxpayer's death.

7. A taxpayer shall not claim a tax credit under this section unless a tax credit certificate issued by the authority is included with the taxpayer's tax return for the tax year for which the tax credit is claimed. The authority must review and approve an application for a tax credit as provided by rules adopted by the authority. The application must include a copy of the agricultural assets transfer agreement. The authority may approve an application and issue a tax credit certificate to a taxpayer who has previously been allowed a tax credit under this section. The authority may require that the parties to an agricultural assets transfer agreement provide additional information as determined relevant by the authority. The authority shall review an application for a tax credit which includes the renewal of an agricultural assets transfer agreement to determine that the parties to the renewed agreement meet the same qualifications as required for an original application. The authority shall not approve an application or issue a tax credit certificate to a taxpayer for an amount in excess of fifty thousand dollars. In addition, the authority shall not approve an application or issue a certificate to a taxpayer if any of the following applies:

a. The taxpayer is at fault for terminating a prior agricultural assets transfer agreement as determined by the authority.

b. The taxpayer is any of the following:

(1) A party to a pending administrative or judicial action, including a contested case proceeding under chapter 17A, relating to an alleged violation involving an animal feeding operation as regulated by the department of natural resources, regardless of whether the pending action is brought by the department or the attorney general.

(2) Classified as a habitual violator for a violation of state law involving an animal feeding operation as regulated by the department of natural resources.

c. The agricultural assets are being leased or rented at a rate which is substantially higher or lower than the market rate for similar agricultural assets leased or rented within the same community, as determined by the authority.

8. A taxpayer or the qualified beginning farmer may terminate an agricultural assets transfer agreement as provided in the agreement or by law. The taxpayer must immediately notify the authority of the termination.

a. If the authority determines that the taxpayer is not at fault for the termination, the authority shall not issue a tax credit certificate to the taxpayer for a subsequent tax year based on the approved application. Any prior tax credit is allowed as provided in this section. The taxpayer may apply for and be issued another tax credit certificate for the

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<sup>1</sup> see chapter 1112, §8, 10 herein

same agricultural assets as provided in this section for any remaining tax years for which a certificate was not issued.

b. If the authority determines that the taxpayer is at fault for the termination, any prior tax credit allowed under this section is disallowed. The amount of the tax credit shall be immediately due and payable to the department of revenue. If a taxpayer does not immediately notify the authority of the termination, the taxpayer shall be conclusively deemed at fault for the termination.

**Sec. 61. NEW SECTION. 16.81 Custom farming contract tax credit.**

1. A custom farming contract tax credit is allowed under this section. The tax credit is allowed against the taxes imposed in chapter 422, division II, as provided in section 422.11M, and in chapter 422, division III, as provided in section 422.33, to encourage taxpayers who are considering custom farming agricultural land located in this state to negotiate with qualified beginning farmers.

2. In order to be eligible to claim a custom farming contract tax credit, the taxpayer must meet qualifications established by rules adopted by the authority. At a minimum, the taxpayer must be a person who may acquire or otherwise obtain or lease agricultural land in the same manner as provided for a taxpayer claiming an agricultural assets transfer tax credit under section 16.80.

3. An individual may claim a custom farming contract tax credit of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust.

4. A custom farming contract tax credit is allowed only for the amount paid by the taxpayer to a qualified beginning farmer under a custom farming contract as provided in rules adopted by the department. The contract must provide for the production of crops located on agricultural land or the production of livestock principally located on agricultural land. The agricultural land must be real estate and any improvements used for farming in which the taxpayer holds a legal or equitable interest.

5. The custom farming contract must provide that the taxpayer pay the qualified beginning farmer on a cash basis. The contract must be in writing for a term of not more than twelve months. The total cash payment must equal at least one thousand dollars.

6. The taxpayer must make all management decisions substantially contributing to or affecting the production of crops located on the agricultural land or the production of livestock principally located on the agricultural land. However, nothing in this subsection prohibits a qualified beginning farmer from regularly or frequently taking part in making day-to-day operational decisions affecting production. The qualified beginning farmer must provide for all of the following:

a. Production items principally used to produce crops located on the agricultural land or to produce livestock principally located on the agricultural land.

b. Labor principally used to produce crops located on the agricultural land or to produce livestock principally located on the agricultural land. The qualified beginning farmer must personally provide such labor on a regular, continuous, and substantial basis.

7. A custom farming contract tax credit is not allowed if the taxpayer and qualified beginning farmer are related as any of the following:

a. Persons who hold a legal or equitable interest in the same agricultural land, including as individuals or as general partners, limited partners, shareholders, or members in the same business entity as defined in section 501A.102.

b. Family members related as spouse, child, stepchild, brother, or sister.

c. Partners in the same partnership which holds agricultural land, or shareholders in the same family farm corporation or members in the same family farm limited liability company as defined in section 9H.1.

8. A custom farming contract tax credit shall be calculated based on the gross amount paid to the qualified beginning farmer under the custom farming contract.

a. If the qualified beginning farmer is not a veteran, the taxpayer may claim a tax credit equal to seven percent of the gross amount paid to the qualified beginning farmer under the contract for each tax year that the tax credit is allowed.

b. If the qualified beginning farmer is a veteran, the taxpayer may claim a tax credit equal to eight percent of the gross amount paid to the qualified beginning farmer under the contract for the first year that the tax credit is allowed and seven percent of the gross amount paid to the qualified beginning farmer under the contract for each subsequent tax year that the tax credit is allowed. However, the taxpayer may only claim seven percent of the gross amount paid to the qualified beginning farmer under a renewed contract or a new contract executed by the same parties.

9. A custom farming contract tax credit in excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following five<sup>2</sup> years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer redeems the tax credit. A tax credit shall not be transferable to any other person other than the taxpayer's estate or trust upon the taxpayer's death.

10. A taxpayer shall not claim a custom farming contract tax credit unless a tax credit certificate issued by the authority under this section is included with the taxpayer's tax return for the tax year for which the tax credit is claimed. The authority must review and approve an application for a tax credit certificate as provided by rules adopted by the authority. The application must include a copy of the custom farming contract. The authority may approve an application and issue a tax credit certificate to a taxpayer who has previously been allowed a tax credit under this section. The authority may require that the parties to the contract provide additional information as determined relevant by the authority. The authority shall review an application for a tax credit certificate which includes the renewal of a contract to determine that the parties to the renewed contract meet the same qualifications as required for an original application. The authority shall not approve an application or issue a tax credit certificate to a taxpayer for an amount in excess of fifty thousand dollars. In addition, the authority shall not approve an application or issue a tax credit certificate to a taxpayer if any of the following applies:

a. The taxpayer is at fault for terminating another custom farming contract, as determined by the authority.

b. The taxpayer is party to a pending administrative or judicial action, or classified as a habitual violator in the same manner as provided in section 16.80.

c. The contract amount is substantially higher or lower than the market rate for a similar custom farming contract, as determined by the authority.

11. A taxpayer or the qualified beginning farmer may terminate a custom farming contract as provided in the contract or by law. The taxpayer must immediately notify the authority of the termination.

a. If the authority determines that the taxpayer is not at fault for the termination, the authority shall not issue a tax credit certificate to the taxpayer for a subsequent tax year based on the approved application. Any prior tax credit is allowed as provided in this section until its expiration. The taxpayer may apply for and be issued another tax credit certificate for the same agricultural land under a custom farming contract with another qualified beginning farmer.

b. If the authority determines that the taxpayer is at fault for the termination, any prior tax credit allowed under this section is disallowed, and the amount of the tax credit shall be immediately due and payable to the department of revenue. If a taxpayer does not immediately notify the authority of the termination, the taxpayer shall be conclusively deemed at fault for the termination.

**Sec. 62. NEW SECTION. 16.82 Tax credit certificates — availability.**

1. The amount of tax credits that may be issued to support the beginning farmer tax credit program shall not in the aggregate exceed twelve million dollars in any year. Of the aggregate amount, eight million dollars is allocated to support the agricultural assets transfer tax credit as provided in section 16.80 and four million dollars is allocated to support the custom farming

<sup>2</sup> See chapter 1112, §21, 23, 24 herein

contract tax credit as provided in section 16.81. However, the authority's board of directors may at any time during the year adjust the allocation by adopting a resolution.

2. The authority shall issue tax certificates to support a beginning farmer tax credit on a first-come, first-served basis.

**Sec. 63. NEW SECTION. 16.83 Additional loan program.**

1. The authority may enter into a loan agreement with a beginning farmer to finance in whole or in part the acquisition by construction or purchase of agricultural land, agricultural improvements, or depreciable agricultural property. The repayment obligation of the beginning farmer may be unsecured, or may be secured by a mortgage or security agreement or by other security as the authority deems advisable, and may be evidenced by one or more notes of the beginning farmer. The loan agreement may contain terms and conditions as the authority deems advisable.

2. The authority may issue its bonds and notes for the purposes set forth in subsection 1 and may enter into a lending agreement or purchase agreement with one or more bondholders or noteholders containing the terms and conditions of the repayment of and the security for the bonds or notes. Bonds and notes must be authorized by a resolution of the authority. The authority and the bondholders or noteholders may enter into an agreement to provide for any of the following:

a. That the proceeds of the bonds and notes, and the investments on the proceeds, may be received, held, and disbursed by the bondholders or noteholders, or by a trustee or agent designated by the authority.

b. That the bondholders or noteholders or a trustee or agent designated by the authority may collect, invest, and apply the amounts payable under the loan agreement or any other security instrument securing the debt obligation of the beginning farmer.

c. That the bondholders or noteholders may enforce the remedies provided in the loan agreement or security instrument on their own behalf without the appointment or designation of a trustee and if there is a default in the principal of or interest on the bonds or notes or in the performance of any agreement contained therein, the payment or performance may be enforced in accordance with the provisions contained therein.

d. That if there is a default in the payment of the principal or interest on a mortgage or security instrument or a violation of an agreement contained in the mortgage or security instrument, the mortgage or security instrument may be foreclosed or enforced and any collateral sold under proceedings or actions permitted by law and a trustee under the mortgage or security agreement or the holder of any bonds or notes secured thereby may become a purchaser if the trustee or holder is the highest bidder.

e. Other terms and conditions.

3. The authority may provide in the resolution authorizing the issuance of the bonds or notes that the principal and interest shall be limited obligations payable solely out of the revenues derived from the debt obligation, collateral, or other security furnished by or on behalf of the beginning farmer, and that the principal and interest does not constitute an indebtedness of the authority or a charge against its general credit or general fund.

4. The powers granted the authority under this section are in addition to other powers granted to the authority to administer this subchapter as provided in this chapter. All other provisions of this chapter, except section 16.28, subsection 4, apply to bonds or notes issued pursuant to and powers granted to the authority under this section except to the extent that they are inconsistent with this section.

**Sec. 64. NEW SECTION. 16.84 Financial assistance for agricultural producers.**

1. In addition to the other programs authorized pursuant to this subchapter, the authority is authorized to provide any type of economic assistance directly or indirectly to agricultural producers, and may develop and implement programs including but not limited to the making of loan guaranties, interest buy-downs, grants, secured or unsecured direct loans, secondary market purchases of loans or mortgages, loans to lending institutions or other agricultural lenders as designated by rule of the authority, or entities that provide funds or credits to such lenders or institutions, to assist agricultural producers within the state. The authority may exercise any of the powers granted to the authority in this chapter in order to fulfill the goal

of providing financial assistance to agricultural producers. The authority may participate in and cooperate with programs of any agency or instrumentality of the federal government or with programs of any other state agency in the administration of the programs to provide economic assistance to agricultural producers.

2. The authority shall provide in any program developed and implemented pursuant to this section that assistance shall be provided only if the following criteria are satisfied:

a. The agricultural producer is a resident of the state.

b. The agricultural producer's land and farm operations are located within the state.

c. Based upon the agricultural producer's net worth, cash flow, debt-to-asset ratio, and other criteria as prescribed by rule of the authority, the authority determines that without such assistance the agricultural producer could not reasonably be expected to be able to obtain, retain, restructure, or service loans or other financing for operating expenses, cash flow requirements, or capital acquisition and maintenance upon a reasonable and affordable basis.

d. Other criteria as the authority prescribes by rule.

3. The authority is granted all powers which are necessary or useful to develop and implement programs and authorizations pursuant to subsection 1. These powers include but are not limited to:

a. All general and specific powers stated in subchapter IV and this subchapter.

b. The power to make or enter into or to require the making or entry into of agreements of any type, with or by any person, that are necessary to effect the purposes of this section. These agreements may include but are not limited to contracts, notes, bonds, guaranties, mortgages, loan agreements, trust indentures, reimbursement agreements, letters of credit or other liquidity or credit enhancement agreements, reserve agreements, loan or mortgage purchase agreements, buy-down agreements, grants, collateral or security agreements, insurance contracts, or other similar documents. The agreements may contain any terms and conditions which the authority determines are reasonably necessary or useful to implement the purposes of this section or which are usually included in agreements or documents between private or public persons in similar transactions.

c. The power to require submission of evidence satisfactory to the authority of the receipt by an agricultural producer of the assistance intended under a program developed and implemented pursuant to this section. In that connection, the authority, through its members, employees, or agents, may inspect the books and records of any person receiving or involved in the provision of assistance in accordance with this section.

d. The power to establish by rule appropriate enforcement provisions in order to assure compliance with this section and rules adopted pursuant to this section, to seek the enforcement of such rules and the terms of any agreement or document by decree of any court of competent jurisdiction, and to require as a condition of providing assistance pursuant to this section the consent of any person receiving or involved in the provision of the assistance to the jurisdiction of the courts of this state over any enforcement proceeding.

e. The power to require, as a condition of the provision of assistance pursuant to this section, any representations and warranties on the part of any person receiving or involved in providing such assistance that the authority determines are reasonably necessary or useful to carry out the purposes of this section. A person receiving or involved in providing assistance pursuant to this section is liable to the authority for damages suffered by the authority by reason of a misrepresentation or the breach of a warranty.

4. All persons, public and private, are authorized to cooperate with the authority and to participate in the programs developed and implemented pursuant to this section and in accordance with the rules of the authority.

5. The powers granted the authority under this section are in addition to other powers contained in this chapter. All other provisions of this chapter, except section 16.28, subsection 4, apply to bonds or notes issued pursuant to powers granted to the authority under this section, to reserve funds, to appropriations, and to the remedies of bondholders and noteholders except to the extent that they are inconsistent with this section.

Sec. 65. NEW SECTION. **16.90 Definition.**

As used in this subchapter, unless the context otherwise requires, "title guaranty" means a

guaranty against loss or damage caused by a defective title to real property.

Sec. 66. Section 16.91, subsection 1, Code 2014, is amended to read as follows:

1. The authority through the Iowa title guaranty division shall initiate and operate a program in which the division shall offer guaranties of real property titles in this state. The terms, conditions and form of the guaranty contract shall be forms approved by the division board. The division shall fix a charge for the guaranty in an amount sufficient to permit the program to operate on a self-sustaining basis, including payment of administrative costs and the maintenance of an adequate reserve against claims under the title guaranty program. A title guaranty fund is created in the office of the treasurer of state. Funds collected under this program shall be placed in the title guaranty fund and are available to pay all claims, necessary reserves and all administrative costs of the title guaranty program. Moneys in the fund shall not revert to the general fund and interest on the moneys in the fund shall be deposited in the housing trust fund established in section 16.181 and shall not accrue to the general fund. If the authority board in consultation with the division board determines that there are surplus funds in the title guaranty fund after providing for adequate reserves and operating expenses of the division, the surplus funds shall be transferred to the housing assistance fund created pursuant to section 16.40.

Sec. 67. Section 16.92, subsection 1, paragraph c, Code 2014, is amended to read as follows:

c. "Division" means the Iowa title guaranty division in the ~~Iowa finance~~ authority, the director of the division, or a designee of the director.

Sec. 68. Section 16.93, subsection 1, unnumbered paragraph 1, Code 2014, is amended to read as follows:

The authority through the Iowa title guaranty division may issue a closing protection letter to a person to whom a proposed title guaranty is to be issued, upon the request of the person, if the division issues a commitment for title guaranty or title guaranty certificate. The closing protection letter shall conform to the terms of coverage and form of the instrument as approved by the division board and may indemnify a person to whom a proposed title guaranty is to be issued against loss of settlement funds due to only the following acts of the division's named participating attorney, participating abstractor, or closer:

Sec. 69. Section 16.102, Code 2014, is amended to read as follows:

**16.102 Establishment of ~~bond bank~~ economic development program — bonds and notes — projects.**

The authority may assist the development and expansion of family farming, ~~soil conservation~~, housing, and business in the state through the establishment of the Iowa economic development ~~bond bank~~ program. The authority may issue its bonds or notes, or series of bonds or notes for the purpose of defraying the cost of one or more projects and make secured and unsecured loans for the acquisition and construction of projects on terms the authority determines.

Sec. 70. Section 16.103, unnumbered paragraph 1, Code 2014, is amended to read as follows:

In carrying out the Iowa economic development ~~bond bank~~ program, the authority may do any of the following:

Sec. 71. Section 16.105, subsection 1, unnumbered paragraph 1, Code 2014, is amended to read as follows:

The authority may provide in the resolution authorizing the issuance of its bonds or notes for the Iowa economic development ~~bond bank~~ program that the principal of, premium, if any, and interest on the bonds or notes are payable exclusively from any of the following:

Sec. 72. Section 16.105, subsection 13, Code 2014, is amended by striking the subsection.

Sec. 73. Section 16.131, subsection 1, Code 2014, is amended to read as follows:

1. The authority shall cooperate with the department of natural resources in the creation, administration, and financing of the Iowa water pollution control works and drinking water facilities financing program established in sections 455B.291 through 455B.299.

Sec. 74. Section 16.131A, subsection 8, Code 2014, is amended to read as follows:

8. “Program” means the Iowa water pollution control works and drinking water facilities financing program created pursuant to section 455B.294.

Sec. 75. Section 16.132, subsection 6, Code 2014, is amended by striking the subsection.

Sec. 76. Section 16.134, subsection 4, paragraph c, Code 2014, is amended to read as follows:

c. Priority shall be given to projects in which the financial assistance is used to obtain financing under the Iowa water pollution control works and drinking water facilities financing program pursuant to section 16.131 or other federal or state financing.

#### RULEMAKING

Sec. 77. RULEMAKING. The Iowa finance authority may adopt rules pursuant to chapter 17A to implement this division of this Act prior to January 1, 2015. The rules shall be effective January 1, 2015, unless a later date is specified in the rules.

#### EFFECTIVE DATE

Sec. 78. EFFECTIVE DATE.

1. Except as provided in subsection 2, this division of this Act takes effect January 1, 2015.

2. The provision of this Act allowing the Iowa finance authority to adopt rules pursuant to chapter 17A to implement this division of this Act prior to January 1, 2015, takes effect upon enactment.

### DIVISION II COORDINATING AMENDMENTS

#### GENERAL PROVISIONS

Sec. 79. Section 2.48, subsection 3, paragraph c, subparagraph (4), Code 2014, is amended by striking the subparagraph.

Sec. 80. Section 2.48, subsection 3, paragraph e, subparagraph (1), Code 2014, is amended to read as follows:

(1) (a) The agricultural assets transfer tax credit under as provided in section 175.37 and the 16.80.

(b) The custom farming contract tax credit as provided in section ~~175.38~~ 16.81.

Sec. 81. Section 7C.4A, subsection 4, Code 2014, is amended to read as follows:

4. Twenty-one percent of the state ceiling shall be allocated to qualified small issue bonds issued for first-time farmers under chapter ~~175 16, subchapter VIII.~~ However, at any time during the calendar year the governor’s designee, with the approval of the Iowa finance 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 7.

Sec. 82. Section 15F.204, subsection 8, paragraph e, Code 2014, is amended by striking the paragraph.

Sec. 83. Section 159.18, subsection 1, Code 2014, is amended to read as follows:

1. As used in this section, “farm programs” includes, but is not limited to, financial incentive programs established within the division of soil conservation of the department of agriculture

and land stewardship as provided in section 161A.70 and the beginning farmer loan program administered by the Iowa finance authority as provided in section ~~175.12~~ 16.75.

Sec. 84. Section 237.14, Code 2014, is amended to read as follows:

**237.14 Enhanced foster care services.**

The department shall provide for enhanced foster care services by establishing supplemental per diem or performance-based contracts which include payment of costs relating to payments of principal and interest for bonds and notes issued pursuant to section ~~16.155~~ 16.57 with facilities licensed under this chapter which provide special services to children who would otherwise be placed in a state juvenile institution or an out-of-state program. Before completion of the department's budget estimate as required by section 8.23, the department shall determine and include in the estimate the amount which should be appropriated for enhanced foster care services for the forthcoming fiscal year in order to provide sufficient services.

Sec. 85. Section 422.7, subsection 2, paragraphs e and k, Code 2014, are amended to read as follows:

e. ~~Iowa water~~ Water pollution control works and drinking facilities financing program bonds pursuant to section 16.131, subsection 5.

k. Iowa finance authority beginning farmer loan program bonds pursuant to section ~~175.17~~ 16.64, subsection ~~4~~ 2.

Sec. 86. Section 422.11M, Code 2014, is amended to read as follows:

**422.11M Beginning farmers — agricultural assets transfer tax credit and custom farming contract tax credit.**

The taxes imposed under this division, less the credits allowed under section 422.12, shall be reduced by the following:

1. An agricultural assets transfer tax credit as allowed under section ~~175.37~~ 16.80.
2. A custom farming contract tax credit as allowed under section ~~175.38~~ 16.81.

Sec. 87. Section 422.33, subsection 21, Code 2014, is amended to read as follows:

21. The taxes imposed under this division shall be reduced by the following:

- a. An agricultural assets transfer tax credit as allowed under section ~~175.37~~ 16.80.
- b. A custom farming contract tax credit as allowed under section ~~175.38~~ 16.81.

Sec. 88. Section 422.33, subsection 27, Code 2014, is amended by striking the subsection.

Sec. 89. Section 455B.291, subsection 8, Code 2014, is amended to read as follows:

8. "Program" means the Iowa water pollution control works and drinking water facilities financing program created pursuant to section 455B.294.

Sec. 90. Section 455B.294, Code 2014, is amended to read as follows:

**455B.294 Establishment of the Iowa water pollution control works and drinking water facilities financing program.**

The Iowa water pollution control works and drinking water facilities financing program is established for the purpose of making loans available to eligible entities to finance all or part of the costs of projects. The program shall be a joint and cooperative undertaking of the department and the authority. The department and the authority may enter into and provide any agreements, documents, instruments, certificates, data, or information necessary in connection with the operation, administration, and financing of the program consistent with this part, the Safe Drinking Water Act, the Clean Water Act, the rules of the department and the commission, the rules of the authority, and other applicable federal and state law. The authority and the department may act to conform the program to the applicable guidance and regulations adopted by the United States environmental protection agency.



Sec. 91. Section 456A.38, subsection 1, paragraph a, Code 2014, is amended to read as follows:

a. “Agricultural land”, “authority”, “beginning farmer”, and “farming” mean the same as defined in section ~~175.2~~ 16.58.

Sec. 92. Section 456A.38, subsection 4, Code 2014, is amended to read as follows:

4. The department shall execute a lease with a beginning farmer selected to participate in the program after such person has been certified by the authority as a beginning farmer who meets the requirements of the authority, which shall be based on section ~~175.12~~ 16.75, subsection 3, paragraphs “a”, “c”, “f”, and “g”.

Sec. 93. Section 502.201, subsection 9B, Code 2014, is amended to read as follows:

9B. *Iowa finance authority*. Any security issued by the Iowa finance authority under chapter ~~175~~ 16, subchapter VIII.

Sec. 94. Section 535B.10, subsection 6, paragraph h, Code 2014, is amended to read as follows:

h. The administrator may furnish information to the Iowa title guaranty division of the Iowa finance authority relating to supervision of closing agent licensees whose activities relate to the issuance of title guaranty certificates issued by the title guaranty division. The Iowa title guaranty division may use this information to satisfy its reinsurance requirements and may provide the information to its reinsurer to the extent necessary to satisfy reinsurer requirements provided the reinsurer agrees to maintain the confidentiality of the information. The Iowa title guaranty division shall maintain the confidentiality of the information provided pursuant to this paragraph in all other respects.

Sec. 95. Section 654.16, unnumbered paragraph 1, Code 2014, is amended to read as follows:

If a sheriff’s sale is ordered on agricultural land used for farming, as defined in section ~~175.2~~ 16.58, the mortgagor may, by a date set by the court but not later than ten days before the sale, designate to the court the portion of the land which the mortgagor claims as a homestead. The homestead may be any contiguous portion of forty acres or less of the real estate subject to the sheriff’s sale. The homestead shall contain the residence of the mortgagor and shall be as compact as practicable.

Sec. 96. Section 654.16A, subsection 1, Code 2014, is amended to read as follows:

1. Not later than the time a sheriff’s deed to agricultural land used for farming, as defined in section ~~175.2~~ 16.58, is recorded, the grantee recording the sheriff’s deed shall notify the mortgagor of the mortgagor’s right of first refusal. The grantee shall record the sheriff’s deed within one year and sixty days from the date of the sheriff’s sale. A copy of this section, titled “Notice of Right of First Refusal” is sufficient notice.

#### RULEMAKING

Sec. 97. RULEMAKING. The Iowa finance authority may adopt rules pursuant to chapter 17A to implement this division of this Act prior to January 1, 2015. The rules shall be effective January 1, 2015, unless a later date is specified in the rules.

#### EFFECTIVE DATE

Sec. 98. EFFECTIVE DATE.

1. Except as provided in subsection 2, this division of this Act takes effect January 1, 2015.  
2. The provision of this Act allowing the Iowa finance authority to adopt rules pursuant to chapter 17A to implement this division of this Act prior to January 1, 2015, takes effect upon enactment.

DIVISION III  
CODIFICATION

## GENERAL PROVISIONS

Sec. 99. REORGANIZATION. The Code editor shall create new subchapters, parts, and subparts in chapter 16, as amended in this Act, for publication in the 2015 Code as follows:

1. Subchapter I may include section 16.1 as amended in this Act. The subchapter may be entitled "General Definitions".

2. Subchapter II may include sections 16.1A, 16.2, and 16.2A, as amended in this Act, and sections 16.2B through 16.2D as enacted in this Act. The subchapter may be entitled "Governance". The subchapter may be divided into parts as follows:

a. Part 1 may include sections 16.1A and 16.2 as amended in this Act. The part may be entitled "General".

b. Part 2 may include section 16.2A as amended in this Act and sections 16.2B through 16.2D as enacted in this Act. The part may be entitled "Special Governing Units".

3. Subchapter III may include section 16.2E as enacted in this Act, section 16.3 as amended by this Act, reserved section 16.3A as repealed in this Act, section 16.4 as amended in this Act, and sections 16.4A through 16.4D as enacted in this Act. The subchapter may be entitled "Legislative Findings and Guiding Principles". The subchapter may be divided into parts as follows:

a. Part 1 may include section 16.2E as enacted in this Act. The part may be entitled "General".

b. Part 2 may include sections 16.3 as amended by this Act, reserved section 16.3A as repealed in this Act, and section 16.4 as amended in this Act. The part may be entitled "Housing".

c. Part 3 may include sections 16.4A and 16.4B as enacted in this Act. The part may be entitled "Agricultural Development".

d. Part 4 may include section 16.4C as enacted in this Act. The part may be entitled "Title Guaranty".

e. Part 5 may include section 16.4D as enacted in this Act. The part may be entitled "Economic Development".

4. Subchapter IV may include sections 16.5 as amended in this Act, reserved sections 16.5A and 16.5B, section 16.5C as amended in this Act, and section 16.5D as enacted in this Act. The subchapter may be entitled "Powers and Duties". The subchapter may be divided into parts as follows:

a. Part 1 may include section 16.5 as amended in this Act, and reserved sections 16.5A and 16.5B. The part may be entitled "General Powers and Duties".

b. Part 2 may include section 16.5C as amended in this Act and section 16.5D as enacted in this Act. The part may be entitled "Specific Powers".

5. Subchapter V may include section 16.6, section 16.7 as amended in this Act, reserved section 16.8, section 16.9 as amended in this Act, reserved section 16.10 as repealed in this Act, section 16.11 as enacted in this Act, reserved section 16.12, section 16.13 as enacted in this Act, reserved section 16.14, reserved section 16.15 as repealed in this Act, and sections 16.16 through 16.19 as enacted in this Act. The subchapter may be entitled "Administration". The subchapter may be divided into parts as follows:

a. Part 1 may include section 16.6. The part may be entitled "Executive Director".

b. Part 2 may include section 16.7 as amended in this Act, reserved section 16.8, section 16.9 as amended in this Act, reserved section 16.10 as repealed in this Act, section 16.11 as enacted in this Act, reserved section 16.12, section 16.13 as enacted in this Act, reserved section 16.14, reserved section 16.15 as repealed in this Act, and section 16.16 as enacted in this Act. The part may be entitled "General".

c. Part 3 may include sections 16.17 through 16.19 as enacted in this Act. The part may be entitled "Statutory Construction".

6. Subchapter VI may include reserved sections 16.20 and 16.21 as repealed in this Act, section 16.22 as enacted in this Act, reserved sections 16.23 through 16.25, section 16.26 as amended in this Act, section 16.27, section 16.27A as enacted in this Act, section 16.28, section

16.29 as enacted in this Act, sections 16.30 and 16.31, section 16.32 as enacted in this Act, and reserved section 16.33 as repealed in this Act. The subchapter may be entitled "Financing".

7. Subchapter VII may include reserved section 16.34 as repealed in this Act, sections 16.34A through 16.36 as enacted in this Act, reserved section 16.37 as repealed in this Act, sections 16.38 and 16.39 as enacted in this Act, section 16.40 as amended in this Act, section 16.41, reserved section 16.42 as repealed in this Act, reserved section 16.43, section 16.44, reserved section 16.45, sections 16.46 through 16.50 as enacted in this Act, section 16.51, reserved section 16.52 as repealed in this Act, sections 16.53 and 16.54, reserved section 16.55, and sections 16.56 and 16.57 as enacted in this Act. The subchapter may be entitled "Housing". The subchapter may be divided into parts as follows:

a. Part 1 may include reserved section 16.34 as repealed in this Act and section 16.34A as enacted in this Act. The part may be entitled "Special Definition".

b. Part 2 may include sections 16.35 through 16.36 as enacted in this Act, and reserved section 16.37 as repealed in this Act. The part may be entitled "Administration".

c. Part 3 may include sections 16.38 and 16.39 as enacted in this Act. The part may be entitled "Lending Institutions".

d. Part 4 may include section 16.40 as amended in this Act, section 16.41, reserved section 16.42 as repealed in this Act, reserved section 16.43, section 16.44, reserved section 16.45, and section 16.46 through 16.50 as enacted in this Act. The part may be entitled "Special Funds".

e. Part 5 may include section 16.51, reserved section 16.52 as repealed in this Act, sections 16.53 and 16.54, reserved section 16.55, and sections 16.56 and 16.57 as enacted in this Act. The part may be entitled "Additional Programs".

8. Subchapter VIII may include sections 16.58 through 16.64 as enacted in this Act, reserved sections 16.65 through 16.67, reserved sections 16.68 and 16.69, sections 16.70 and 16.71 as enacted in this Act, reserved section 16.72, reserved section 16.73 as repealed in this Act, reserved section 16.74, sections 16.75 and 16.76 as enacted in this Act, reserved section 16.77, sections 16.78 through 16.84 as enacted in this Act, and reserved sections 16.85 through 16.89. The subchapter may be entitled "Agricultural Development". The subchapter may be divided into parts as follows:

a. Part 1 may include sections 16.58 and 16.59 as enacted in this Act. The part may be entitled "General".

b. Part 2 may include sections 16.60 through 16.63 as enacted in this Act. The part may be entitled "Administration".

c. Part 3 may include section 16.64 as enacted in this Act, reserved sections 16.65 through 16.67, section 16.68 as enacted in this Act, and reserved section 16.69. The part may be entitled "Special Financing".

d. Part 4 may include sections 16.70 and 16.71 as enacted in this Act, reserved section 16.72, reserved section 16.73 as repealed in this Act, and reserved section 16.74. The part may be entitled "Loans to Lending Institutions".

e. Part 5 may include sections 16.75 and 16.76 as enacted in this Act, reserved section 16.77, and sections 16.78 through 16.84 as enacted in this Act, and reserved sections 16.85 through 16.89. The part may be entitled "Beginning Farmer Programs". The part may be divided into subparts as follows:

(1) Subpart A may include sections 16.75 and 16.76 as enacted in this Act and reserved section 16.77. The subpart may be entitled "Beginning Farmer Loan Program".

(2) Subpart B may include sections 16.78 through 16.82 as enacted in this Act. The subpart may be entitled "Beginning Farmer Tax Credit Program".

(3) Subpart C may include sections 16.83 and 16.84 as enacted in this Act, and reserved sections 16.85 through 16.89. The subpart may be entitled "Agricultural Producer Programs".

9. Subchapter IX may include section 16.90 as enacted in this Act, and section 16.91 as amended in this Act, and sections 16.92 through 16.97. The subchapter may be entitled "Title Guaranty". The subchapter may be divided into parts as follows:

a. Part 1 may include section 16.90 as enacted in this Act. The part may be entitled "General".

b. Part 2 may include section 16.91 as amended in this Act, sections 16.92 and 16.93, and reserved sections 16.94 through 16.97. The part may be entitled "Program".

10. Subchapter X may include reserved sections 16.98 and 16.99, reserved sections 16.100 and 16.100A as repealed in this Act, reserved section 16.101, section 16.102, section 16.103 as amended in this Act, section 16.104, section 16.105 as amended in this Act, section 16.106 as repealed by this Act, reserved sections 16.107 through 16.130, section 16.131 and section 16.132 as amended in this Act, sections 16.133 and 16.133A, sections 16.134 as amended in this Act, section 16.135, reserved sections 16.136 through 16.140, section 16.141, reserved sections 16.142 through 16.154, reserved section 16.155 as repealed in this Act, reserved sections 16.156 through 16.160, sections 16.161 and 16.162, reserved sections 16.163 through 16.170, repealed section 16.171 as repealed in this Act, reserved sections 16.172 through 16.176, section 16.177, reserved sections 16.178 through 16.180, sections 16.181 and 16.181A, reserved sections 16.182 through 16.185 as repealed in this Act, reserved sections 16.186 and 16.187, reserved section 16.188 as repealed in this Act, reserved sections 16.189 through 16.192, sections 16.193 through 16.196, reserved section 16.197 as repealed by this Act, reserved sections 16.198 through 16.200, reserved section 16.201 as repealed in this Act, reserved sections 16.202 through 16.210, reserved sections 16.211 and 16.212 as repealed in this Act, reserved sections 16.213 through 16.220, and reserved section 16.221 as repealed in this Act. The subchapter may be entitled "Special Financing Programs". The subchapter may be divided into parts as follows:

a. Part 1 may include reserved sections 16.98 and 16.99, reserved sections 16.100 and 16.100A as repealed in this Act, reserved section 16.101, sections 16.102 and 16.103 as amended in this Act, section 16.104, section 16.105 as amended in this Act, section 16.106 as repealed in this Act, and reserved sections 16.107 through 16.130. The part may be entitled "Economic Development Program".

b. Part 2 may include sections 16.131 through 16.132 as amended in this Act, sections 16.133 and 16.133A, section 16.134 as amended in this Act, section 16.135, and reserved sections 16.136 through 16.140. The part may be entitled "Water Pollution Control Works and Drinking Water Facilities Financing".

c. Part 3 may include section 16.141 and reserved sections 16.142 through 16.154. The part may be entitled "Unsewered Community Revolving Loan Program".

d. Part 4 may include section 16.155 as repealed in this Act, reserved sections 16.156 through 16.160, and section 16.161. The part may be entitled "E911 Program".

e. Part 5 may include section 16.162 and reserved sections 16.163 through 16.170. The part may be entitled "Community College Dormitories".

f. Part 6 may include section 16.171 and reserved sections 16.172 through 16.176. The part may be entitled "Recovery Zone Bonds".

g. Part 7 may include section 16.177, and reserved sections 16.178 through 16.180. The part may be entitled "Prison Infrastructure Revenue Bonds".

h. Part 8 may include sections 16.181 and 16.181A, reserved sections 16.182 through 16.185 as repealed in this Act, reserved sections 16.186 and 16.187, reserved section 16.188 as repealed in this Act, and reserved sections 16.189 and 16.190. The part may be entitled "Housing Trust Fund".

i. Part 9 may include reserved sections 16.191 and 16.192, sections 16.193 through 16.196, reserved section 16.197 as repealed in this Act, reserved sections 16.198 through 16.200, reserved section 16.201 as repealed in this Act, reserved sections 16.202 through 16.210, reserved sections 16.211 and 16.212 as repealed in this Act, reserved sections 16.213 through 16.220, and reserved section 16.221 as repealed by this Act. The part may be entitled "Iowa Jobs Program".

#### CORRECTIONS AND FURTHER REORGANIZATION

Sec. 100. **AUTHORITY TO CODE EDITOR.** In reorganizing chapter 16 for publication as part of the 2015 Code, all of the following shall apply:

1. The Code editor shall correct internal references as necessary.

2. Nothing in this Act prevents the Code editor from organizing chapter 16, as provided in section 2B.13, in a manner other than specified in this division. The Code editor may consolidate the subchapters, parts, subparts, or sections in chapter 16, including by eliminating unused section numbers and renumbering sections included in chapter 16 as

amended by this Act, and correcting internal references in a manner that enhances its readability.

#### EFFECTIVE DATE

Sec. 101. EFFECTIVE DATE. This division of this Act takes effect upon enactment.

#### DIVISION IV TRANSITIONAL PROVISIONS

##### ADMINISTRATION

Sec. 102. POWERS AND DUTIES OF THE IOWA FINANCE AUTHORITY. This Act does not do any of the following:

1. Substantively affect the powers and duties of the Iowa finance authority provided for in chapter 16 or 175 as either chapter existed immediately prior to the effective date of this division of this Act.

2. Restrict the Iowa finance authority from adopting a rule, form, order, or directive that it could have adopted under chapter 16 or 175 as either chapter existed immediately prior to the effective date of this division of this Act.

Sec. 103. ADMINISTRATION OF ONGOING PROGRAMS. The Iowa finance authority shall continue the administration of ongoing programs under chapter 16 or 175, in progress on the effective date of this division of this Act.

Sec. 104. ADMINISTRATIVE RULES AND OTHER ACTIONS AND DOCUMENTS. Any rule, form, order, or directive promulgated by the Iowa finance authority pursuant to chapter 16, including section 16.1A, or chapter 175, as required to administer and enforce the provisions of chapter 16 as amended in this Act, shall continue in full force and effect until amended, rescinded, or supplemented by the affirmative action of the Iowa finance authority.

Sec. 105. GOVERNING BODIES.

1. This Act's repeal of section 175.3 and the enactment of section 16.2C shall not affect the original appointment or term of office of a member to the agricultural development board by the governor pursuant to 2013 Iowa Acts, chapter 100. However, such a member shall comply with any new requirement as provided in this Act upon reappointment and a new member shall comply with all requirements as provided in this Act upon appointment or reappointment.

2. This Act's repeal of section 16.100 and the enactment of section 16.2D shall not affect the appointment or term of office of a member to the council on homelessness.

Sec. 106. PERSONNEL. Nothing in this Act affects personnel in the state merit system of employment.

#### LEGAL OR EQUITABLE RIGHTS

Sec. 107. PENDING ADMINISTRATIVE OR JUDICIAL PROCEEDINGS.

1. An administrative or judicial proceeding arising under chapter 16 or chapter 175 prior to the effective date of this division of this Act, and pending on the effective date of this division of this Act, shall not be affected due to the enactment of this Act.

2. A cause of action or statute of limitation relating to an action taken by a party in a matter arising under chapter 16 or 175 prior to the effective date of this division of this Act shall not be affected by this Act.

3. The Iowa finance authority or the attorney general acting on behalf of the Iowa finance authority in an administrative or judicial proceeding pending on the effective date of this division of this Act shall not be affected as a result of this Act. Any statute of limitation that would have otherwise applied to the parties in such proceeding shall continue to apply to the parties as if this Act had not been enacted.

Sec. 108. EXISTING RIGHTS AND OBLIGATIONS OF THE IOWA FINANCE AUTHORITY. Nothing in this Act affects any of the following:

1. An interest in real property, tangible personal property, or intangible personal property held by the Iowa finance authority.
2. A property right, security interest, or lien held by the Iowa finance authority, including but not limited to a deed, contract, or endorsement.
3. Any debt, obligation, or liability incurred by the Iowa finance authority which shall continue according to the same terms and conditions as applied prior to the effective date of this division of this Act.

Sec. 109. PRESERVATION OF EXISTING RIGHTS.

1. This Act shall preserve and shall neither increase nor decrease a right or obligation of a party or any other person connected with the issuance, holding, transfer, redemption, or payment of a bond or note under chapter 16 or 175 as either chapter existed prior to the effective date of this division of this Act.

2. This Act shall not limit, modify, or otherwise affect the term or condition of an agreement between the Iowa finance authority and another person which was originally executed under chapter 16 or 175 as either chapter existed prior to the effective date of this division of this Act. This Act specifically does not affect any program for beginning farmers or first-time farmers as that program existed under 175 prior to the effective date of this division of this Act.

3. This Act shall not limit, modify, or otherwise adversely affect a taxpayer's right to claim or redeem a tax credit issued, awarded, or allowed under sections 175.36A through 175.39, including but not limited to any tax credit carryforward amount so long as the tax credit was issued, awarded, or allowed when sections 175.36A through 175.39 were in effect. A person shall not claim or be issued, awarded, or allowed the same tax credit under sections 175.36A through 175.39 in effect prior to the effective date of this division of this Act and chapter 16, subchapter VIII, part 5, as enacted in this Act on and after the effective date of this division of this Act.

#### EFFECTIVE DATE

Sec. 110. EFFECTIVE DATE. This division of this Act takes effect on January 1, 2015.

#### DIVISION V CURRENT REPEAL PROVISIONS

##### GENERAL

Sec. 111. REPEAL. Sections 16.3A, 16.10, 16.15, 16.20, 16.21, 16.33, 16.34, 16.37, 16.42, 16.44, 16.52, 16.73, 16.100, 16.100A, 16.106, 16.155, 16.171, 16.182, 16.183, 16.184, 16.185, 16.188, 16.197, 16.201, 16.211, 16.212, 16.221, and 422.11X, Code 2014, are repealed.

Sec. 112. REPEAL. Chapter 175, Code 2014, is repealed.

#### REPEAL OF CONFLICTING INTERVENING PROVISION

Sec. 113. REPEAL. Any intervening provision effective prior to the effective date of this division of this Act that amends a section or chapter repealed in another section of this division of this Act is also repealed, unless that Act or another Act specifically provides otherwise.

#### EFFECTIVE DATE

Sec. 114. EFFECTIVE DATE. This division of this Act takes effect January 1, 2015.

DIVISION VI  
FUTURE PROVISIONS

REPEAL OF THE BEGINNING FARMER TAX CREDIT PROGRAM

Sec. 115. REPEAL. Section 2.48, subsection 3, paragraph e, subparagraph (1), subparagraph division (b), as amended by this Act, is amended by striking the subparagraph division.

Sec. 116. REPEAL. Section 16.1, subsection 1, paragraph an, as enacted by this Act, is amended by striking the paragraph.

Sec. 117. REPEAL. Section 16.58, subsections 7 and 13, as enacted by this Act, are amended by striking the subsections.

Sec. 118. REPEAL. Section 422.11M, subsection 2, as amended by this Act, is amended by striking the subsection.

Sec. 119. REPEAL. Section 422.33, subsection 21, paragraph b, as amended by this Act, is amended by striking the paragraph.

Sec. 120. REPEAL. Sections 16.78, 16.79, 16.81, and 16.82, as enacted by this Act, are repealed.

Sec. 121. REPEAL. 2013 Iowa Acts, chapter 125, division II, is repealed.

ENACTMENT OF THE AGRICULTURAL ASSETS TRANSFER TAX CREDIT

Sec. 122. Section 16.80, as enacted by this Act, is amended by striking the section and inserting in lieu thereof the following:

**16.80 Agricultural assets transfer tax credit — agreement.**

1. An agricultural assets transfer tax credit is allowed under this section. The tax credit is allowed against the taxes imposed in chapter 422, division II, as provided in section 422.11M, and in chapter 422, division III, as provided in section 422.33, to facilitate the transfer of agricultural assets from a taxpayer to a beginning farmer.

2. In order to qualify for the tax credit, the taxpayer must meet qualifications established by rules adopted by the authority. At a minimum, the taxpayer must comply with all of the following:

a. Be a person who may acquire or otherwise obtain or lease agricultural land in this state pursuant to chapter 9H or 9I. However, the taxpayer must not be a person who may acquire or otherwise obtain or lease agricultural land exclusively because of an exception provided in one of those chapters or in a provision of another chapter of this Code including but not limited to chapter 10, 10D, or 501, or section 15E.207.

b. Execute an agricultural assets transfer agreement with a beginning farmer as provided in this section.

3. An individual may claim a tax credit under this section of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust.

4. The tax credit is allowed only for agricultural assets that are subject to an agricultural assets transfer agreement. The agreement shall provide for the lease of agricultural land including any improvements and may provide for the rental of agricultural equipment as defined in section 322F.1.

a. The agreement may be made on a cash basis or on a commodity share basis which includes a share of the crops or livestock produced on the agricultural land. The agreement must be in writing.

b. The agreement shall be for at least two years, but not more than five years. The agreement or that part of the agreement providing for the lease may be renewed by the

beginning farmer for a term of at least two years, but not more than five years. An agreement does not include a lease or the rental of equipment intended as a security.

5. The tax credit shall be calculated based on the gross amount paid to the taxpayer under the agricultural assets transfer agreement.

a. Except as provided in paragraph “b”, the tax credit shall equal five percent of the amount paid to the taxpayer under the agreement.

b. The tax credit shall equal fifteen percent of the amount paid to the taxpayer from crops or animals sold under an agreement in which the payment is exclusively made from the sale of crops or animals.

6. In order to qualify as a beginning farmer, a person must be eligible to receive financial assistance under section 16.75.

7. A tax credit in excess of the taxpayer’s liability for the tax year may be credited to the tax liability for the following five<sup>3</sup> years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer redeems the tax credit. A tax credit shall not be transferable to any other person other than the taxpayer’s estate or trust upon the taxpayer’s death.

8. A taxpayer shall not claim a tax credit under this section unless a tax credit certificate issued by the authority is included with the taxpayer’s tax return for the tax year for which the tax credit is claimed. The authority must review and approve an application for a tax credit as provided by rules adopted by the authority. The application must include a copy of the agricultural assets transfer agreement. The authority may approve an application and issue a tax credit certificate to a taxpayer who has previously been allowed a tax credit under this section. The authority may require that the parties to an agricultural assets transfer agreement provide additional information as determined relevant by the authority. The authority shall review an application for a tax credit which includes the renewal of an agricultural assets transfer agreement to determine that the parties to the renewed agreement meet the same qualifications as required for an original application. However, the authority shall not approve an application or issue a certificate to a taxpayer if any of the following applies:

a. The taxpayer is at fault for terminating a prior agricultural assets transfer agreement as determined by the authority.

b. The taxpayer is any of the following:

(1) A party to a pending administrative or judicial action, including a contested case proceeding under chapter 17A, relating to an alleged violation involving an animal feeding operation as regulated by the department of natural resources, regardless of whether the pending action is brought by the department or the attorney general.

(2) Classified as a habitual violator for a violation of state law involving an animal feeding operation as regulated by the department of natural resources.

c. The beginning farmer is responsible for managing or maintaining agricultural land and other agricultural assets that are greater than necessary to adequately support a beginning farmer as determined by the authority according to rules which shall be adopted by the authority.

d. The agricultural assets are being leased or rented at a rate which is substantially higher or lower than the market rate for similar agricultural assets leased or rented within the same community, as determined by the authority.

9. A taxpayer or the beginning farmer may terminate an agricultural assets transfer agreement as provided in the agreement or by law. The taxpayer must immediately notify the authority of the termination.

a. If the authority determines that the taxpayer is not at fault for the termination, the authority shall not issue a tax credit certificate to the taxpayer for a subsequent tax year based on the approved application. Any prior tax credit is allowed as provided in this section. The taxpayer may apply for and be issued another tax credit certificate for the same agricultural assets as provided in this section for any remaining tax years for which a certificate was not issued.

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<sup>3</sup> See chapter 1112, §14 – 16 herein



b. If the authority determines that the taxpayer is at fault for the termination, any prior tax credit allowed under this section is disallowed. The tax credit shall be recaptured and the amount of the tax credit shall be immediately due and payable to the department of revenue. If a taxpayer does not immediately notify the authority of the termination, the taxpayer shall be conclusively deemed at fault for the termination.

10. The amount of tax credit certificates that may be issued pursuant to this section shall not exceed six million dollars in any fiscal year. The authority shall issue the tax credit certificates on a first-come, first-served basis.

#### REPEAL OF INTERVENING PROVISIONS

Sec. 123. REPEAL. Any intervening provision effective prior to the effective date of this division of this Act that amends a section, subsection, paragraph, subparagraph, or subparagraph division, as enacted or amended in another division of this Act, and repealed in another section of this division of this Act is also repealed, unless that Act or another Act specifically provides otherwise.

#### PROPOSED LEGISLATION

Sec. 124. IOWA FINANCE AUTHORITY. The Iowa finance authority established in chapter 16 shall propose legislation to the general assembly necessary to implement this division of this Act. The Iowa finance authority shall propose such legislation for consideration by the general assembly during its 2017 legislative session.

#### EFFECTIVE DATE

Sec. 125. EFFECTIVE DATES.

1. a. Except as provided in subsection 2, this division of this Act takes effect January 1, 2018.

b. The section of this division of this Act which enacts the agricultural assets transfer tax credit as codified in section 16.80 takes effect instantly upon the repeal of the agricultural assets transfer tax credit previously codified in section 16.80 and enacted in another division of this Act.

2. The section of this division of this Act which requires the Iowa finance authority to propose legislation for consideration by the general assembly takes effect July 1, 2016.

Approved April 10, 2014