

January 23, 1951.  
Social Security.

**House File 166**

By BASS, CLARK of Appanoose.

Passed House, Date .....

Vote: Ayes..... Nays.....

Passed Senate, Date .....

Vote: Ayes..... Nays.....

Approved .....

**A BILL FOR**

An Act designating the state department of social welfare as the state agency to make application to the secretary of agriculture of the United States for the return of the assets of the Iowa Rural Rehabilitation Corporation now dissolved and providing for the future administration of such assets.

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

1 Section 1. The state department of social welfare is  
2 hereby designated as the state agency to make application to  
3 and receive from the secretary of agriculture of the United  
4 States, or any other proper federal official, pursuant and  
5 subject to the provisions of Public Law 499, Eighty-first  
6 Congress, approved May 3, 1950, all of the trust assets held  
7 by the United States in trust for the Iowa Rural Rehabilitation  
8 Corporation now dissolved.

1 Sec. 2. The state department of social welfare is author-  
2 ized, in its discretion, to enter into agreements with the  
3 secretary of agriculture of the United States pursuant to  
4 section 2(f) of the aforesaid act of Congress of the United  
5 States, upon such terms and conditions and for such periods  
6 of time as may be mutually agreeable, authorizing the secretary

7 of agriculture of the United States, or such federal agency  
8 as may be designated by him, to accept, administer, expend  
9 and use in the state of Iowa all or any part of such trust  
10 assets or any other funds in the state of Iowa which may be  
11 appropriated for such use in carrying out the purposes of  
12 Title I and II of the Bankhead-Jones Farm Tenant Act, in  
13 accordance with the applicable provisions of Title IV thereof  
14 and to do any and all things necessary to effectuate and  
15 carry out the purposes of said agreements.

1 Sec. 3. Except as to such of the assets as may be  
2 authorized to be administered by the secretary of agriculture  
3 of the United States under the provisions of Section two (2)  
4 of this act, the trust assets other than cash shall be taken  
5 on proper transfer or assignment in the name of the state  
6 department of social welfare and administered by them as  
7 hereinafter provided and the future proceeds therefrom  
8 together with the cash items received under the application  
9 made pursuant to Section one (1) of this act shall be deposited  
10 with the treasurer of state for their use in carrying out  
11 such of the rural rehabilitation purposes permissible under  
12 the charter of the now dissolved Iowa Rural Rehabilitation  
13 Corporation as may from time to time be agreed upon by the  
14 state department of social welfare and the secretary of  
15 agriculture of the United States as required by Section 2(c),  
16 Public Law 49, Eighty-first Congress.

1 Sec. 4. In addition to the express and necessarily

2 implied powers enumerated in the charter of the Iowa Rural  
3 Rehabilitation Corporation now dissolved, appearing of record  
4 in Book 7253, page 143 in the office of the county recorder  
5 of Polk County, Iowa, the state department of social welfare  
6 is specifically authorized and empowered to:

7 (a) Receive written applications for loans, lend or  
8 advance moneys and execute all necessary written instruments  
9 in connection therewith needed in carrying out such of the  
10 rural rehabilitation purposes permissible and agreed upon  
11 as provided for in Section two (2) of this act.

12 (c) Collect, compromise, adjust or cancel claims or  
13 obligations existing under any mortgage, lease, contract or  
14 other agreement entered into or administered pursuant to  
15 this act by themselves or their predecessors, and if in  
16 their judgment it be necessary and advisable, to pursue the  
17 same to final judgment and collection in any court having  
18 jurisdiction.

19 (c) Bid for and purchase at any execution, foreclosure  
20 or other sale, or otherwise to acquire property upon which  
21 they have a lien by reason of a judgment or execution, or  
22 which is pledged, mortgaged, conveyed or which otherwise  
23 secures any loan or other indebtedness owing to or acquired  
24 by them under this act, and

25 (d) Accept title to any property so purchased or  
26 acquired; operate or lease such property for such period as  
27 may be deemed necessary to protect the investment therein

28 and sell or otherwise dispose of such property in a manner  
29 consistent with the provisions of this act.

1 Sec. 5. The United States and the secretary of  
2 agriculture thereof shall be held free from liability by  
3 virtue of the transfer of the assets to the state department  
4 of social welfare of the state of Iowa pursuant to this act.

1 Sec. 6. This act being deemed of immediate importance  
2 shall be in full force and effect from and after its passage  
3 and publication in the ....., a newspaper  
4 published at ....., Iowa, and the  
5 ..... newspaper published at .....,  
6 Iowa.

EXPLANATION OF H. F. 166

In February of 1935 a non-profit corporation known as the Iowa Rural Rehabilitation Corporation was organized under the laws of the state of Iowa for the purpose of administering certain Federal Emergency Relief Administration funds then available from the United States government as well as certain other funds acquired by them for rural rehabilitation purposes.

On or about December 31, 1935, the officers of this corporation by agreement of transfer turned over the entire assets of the corporation to the United States of America acting by and through the administrator of the Resettlement Administration, an agency of the United States established by executive order. Later and on December 16, 1939, the Iowa Rural Rehabilitation Corporation was dissolved in the manner provided by law. Since that time, the funds in question have been administered by various agencies of the United States government.

On May 3, 1950, the president of the United States approved Public Law 499, Eighty-first Congress, which was an act "To provide for the liquidation of the trusts under the transfer agreements with state rural rehabilitation corporations, and for other purposes." Briefly, this act of Congress provided for three alternatives with regard to the funds in question. They were as follows:

- 1. That they be returned to the state rural rehabilitation corporations if there be one in existence.
- 2. If such state rural rehabilitation corporations had since been dissolved then the funds were to be returned to "such other agency or official of that state as may be designated by the state legislature."
- 3. Revert to the United States Treasury as miscellaneous receipts if not claimed by the state within a period of three years from the effective date of the act of Congress.

There being no agency or other official of the state of Iowa empowered to make application to the secretary of the United States for the return of these funds this bill is necessary to prevent the reversion to the United States Treasury as explained in item 3 above.

The federal government, in 1933, made available to the various states certain emergency funds. The purpose of the program was to provide loans to rural people for the purchase of feed, seed, livestock, etc. The state of Iowa established the "Iowa Rural Rehabilitation Corporation" to act as administrator and trustee of these funds.

The corporation was dissolved in 1936 and the fund transferred in turn to what is now known as the Farmers Home Administration who has been administering the

funds. The United States Congress in May, 1950, passed Public Law 499 which directed the Secretary of Agriculture to liquidate the funds. In order that the fund may be kept in Iowa, a state agency must be designated to act as trustee. The balance in the fund is now approximately \$1,300,000 which is about equal to the annual Farmers Home Administration authorization in Iowa for loan purposes.

As the Iowa Board of Social Welfare has been authorized by law to receive certain federal funds for carrying out activities and functions of a similar nature, this bill would authorize that agency to act as trustee of the fund and to enter into an agreement with the Farmers Home Administration to continue to administer the funds. The bill also provides machinery by which the Iowa Board of Social Welfare could administer the fund if so desired.