

Gaskill
Veenstra
Soukup

SSB-1164
Agriculture

SENATE/HOUSE FILE (SE) HF 524 introduced By
BY (PROPOSED DEPARTMENT OF
AGRICULTURE AND LAND
STEWARDSHIP BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing assistance regarding the development of grapes
2 and wine, and providing an appropriation.

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

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1 Section 1. Section 123.183, Code 2001, is amended to read
2 as follows:

3 123.183 WINE GALLONAGE TAX AND RELATED FUNDS.

4 1. In addition to the annual permit fee to be paid by each
5 class "A" wine permittee, ~~there~~ a wine gallonage tax shall be
6 levied and collected from each class "A" wine permittee on all
7 wine manufactured for sale and sold in this state at wholesale
8 and on all wine imported into this state for sale at wholesale
9 and sold in this state at wholesale~~7-a.~~ The rate of the wine
10 gallonage tax of is one dollar and seventy-five cents for
11 ~~every each~~ wine gallon and-a-like. The same rate shall apply
12 for the fractional parts of a wine gallon. ~~A~~ The wine
13 gallonage tax shall not be levied or collected on wine sold by
14 one class "A" wine permittee to another class "A" wine
15 permittee.

16 2. a. Revenue ~~derived~~ collected from the wine gallonage
17 tax ~~collected~~ on wine manufactured for sale and sold in this
18 state shall be deposited in the wine gallonage tax fund hereby
19 as created in this section.

20 b. A wine gallonage tax fund is created in the office of
21 the treasurer of state. Moneys deposited in ~~the-gallonage-tax~~
22 the fund are appropriated to the department of economic
23 development as provided in section 15E.117. Moneys in the
24 ~~fund shall-not-revert-to-the-general-fund-of-the-state-without~~
25 ~~a-specific-appropriation-by-the-general-assembly~~ are not
26 subject to section 8.33.

27 3. Of the amount collected from the wine gallonage tax
28 that is not deposited in the wine gallonage tax fund, the
29 first eighteen cents of the tax of each wine gallon shall be
30 deposited to the grape and wine development fund as created in
31 section 159B.5. All other revenue derived collected from the
32 wine gallonage tax shall be deposited in the liquor control
33 fund ~~established-by~~ created in section 123.53 ~~and-shall-be~~
34 ~~transferred-by-the-director-of-revenue-and-finance-to-the~~
35 ~~general-fund-of-the-state.~~

1 Sec. 2. NEW SECTION. 159B.1 DEFINITIONS.

2 1. "Commission" means the grape and wine development
3 commission as established pursuant to section 159B.2.

4 2. "Department" means the department of agriculture and
5 land stewardship.

6 3. "Fund" means the grape and wine development fund
7 created pursuant to section 159B.5.

8 4. "Grower" means a person who owns a vineyard and is
9 actively engaged in growing grapes on a commercial basis in
10 this state for use by a winery.

11 5. "Retail seller" means a person actively engaged in the
12 business of selling wine in this state on a retail basis.

13 6. "Vineyard" means a tract of land used for growing
14 grapes used in making wine.

15 7. "Wine" means the same as defined in section 123.3.

16 8. "Winemaker" means a person who owns a winery and is
17 actively engaged in producing wine in this state on a
18 commercial basis.

19 9. "Winery" means a commercial operation using grapes for
20 the production of wine on a commercial basis.

21 Sec. 3. NEW SECTION. 159B.2 GRAPE AND WINE DEVELOPMENT
22 COMMISSION.

23 1. A grape and wine development commission is established
24 within the department. The commission shall be composed of
25 the following persons:

26 a. The following persons, or their designees, who shall
27 serve as nonvoting, ex officio members:

- 28 (1) The secretary of agriculture.
- 29 (2) The dean of the college of agriculture of Iowa state
30 university of science and technology.
- 31 (3) The director of the department of economic
32 development.

33 (4) The director of the department of natural resources.

34 b. The following persons appointed by the secretary of
35 agriculture, who shall serve as voting members:

1 (1) Two growers.

2 (2) Two winemakers.

3 (3) One retail seller.

4 The secretary of agriculture shall appoint the voting
5 members based on a list of nominations submitted by
6 organizations representing growers, winemakers, and retail
7 sellers as certified by the department according to
8 requirements of the department. The secretary of
9 agriculture's appointees shall be confirmed by the senate,
10 pursuant to section 2.32.

11 2. The voting members shall serve three-year terms
12 beginning and ending as provided in section 69.19. However,
13 the secretary of agriculture shall appoint initial members to
14 serve for less than three years to ensure members serve
15 staggered terms. A member is eligible for reappointment. A
16 vacancy on the commission shall be filled for the unexpired
17 portion of the regular term in the same manner as regular
18 appointments are made.

19 3. The commission shall elect a chairperson from among its
20 voting members each year on a rotating basis as provided by
21 the commission. The commission shall meet on a regular basis
22 and at the call of the chairperson or upon the written request
23 to the chairperson of two or more voting members.

24 4. The voting members are entitled to receive actual and
25 necessary expenses as provided in section 7E.6.

26 5. Three voting members constitute a quorum and the
27 affirmative vote of a majority of the voting members present
28 is necessary for any substantive action to be taken by the
29 commission. The majority shall not include any member who has
30 a conflict of interest and a statement by a member that the
31 member has a conflict of interest is conclusive for this
32 purpose. A vacancy in the membership does not impair the
33 duties of the commission.

34 Sec. 4. NEW SECTION. 159B.3 ADMINISTRATION.

35 1. The department shall administer this chapter and shall

1 do all of the following:

2 a. Establish and administer grape and wine development
3 programs as provided in section 159B.4 and account for and
4 expend moneys from the grape and wine development fund created
5 pursuant to section 159B.5.

6 b. Report to the commission regarding the status of grape
7 and wine development, including information regarding persons
8 receiving assistance under grape and wine development programs
9 as provided in section 159B.4 and the status of the grape and
10 wine development fund as provided in section 159B.5.

11 c. Provide facilities for the commission to meet and carry
12 out its powers and duties as provided in this section,
13 including by staffing commission meetings.

14 d. Adopt all rules necessary to administer this chapter.

15 2. The grape and wine development commission shall oversee
16 the administration of this chapter by the department and shall
17 to do all of the following:

18 a. Monitor conditions, practices, policies, and programs
19 affecting the grape and wine development in this state.

20 b. Establish mutually beneficial relationships with local,
21 state, and federal governmental agencies and local, regional,
22 and national associations representing growers and winemakers.

23 c. Contract with a viticulturist or enologist to provide
24 technical assistance under grape and wine development programs
25 as provided in section 159B.4.

26 d. Approve or disapprove applications for financial
27 assistance under grape and wine development programs as
28 provided in section 159B.4, after departmental review and
29 recommendation and in accordance with rules adopted pursuant
30 to this chapter. The department shall adopt rules for
31 awarding moneys to persons submitting proposals, including
32 procedures for submitting applications and criteria for
33 selecting proposals.

34 e. Approve rules proposed by the department for adoption
35 pursuant to chapter 17A required for the administration of

1 this chapter.

2 Sec. 5. NEW SECTION. 159B.4 GRAPE AND WINE DEVELOPMENT
3 PROGRAMS.

4 The department in cooperation with the commission shall
5 establish grape and wine development programs, by assisting
6 persons in establishing, improving, or expanding vineyards or
7 winemaking operations, including wineries. The programs may
8 provide for all of the following:

9 1. Technical assistance which may include all the
10 following:

11 a. Viticultural assistance in order to increase the size
12 of vineyards, improve yield, and enhance the character,
13 composition, and condition of grapes. The department may
14 provide technical assistance regarding the selection and
15 management of vines suitable for regions of this state;
16 cultivation and harvest practices; the implementation of
17 practices designed to improve grape growing based on soil
18 types, nutrients and minerals, space, climate, and drainage;
19 the use of recommended varieties of native or hybrid
20 cultivars; and disease, weed, and pest control, including the
21 safe and effective application of pesticides or herbicides or
22 the use of organic practices.

23 b. Enological assistance which may be based on enological
24 study in order to produce, preserve, and transport
25 commercially viable wines, including high-quality wines, wines
26 adapted to particular regions of the state, and wines with
27 distinctive tastes produced from native or hybrid cultivars.
28 The technical assistance may include assistance regarding
29 improving practices or constructing facilities designed to
30 expand or improve processing, cellarage, or bottling.

31 2. Financial assistance which shall be in the form of a
32 loan, forgivable loan, loan guarantee, cost share,
33 indemnification of costs, or any combination of such financing
34 as deemed appropriate by the commission. The financial
35 assistance may be awarded to persons beginning or engaged in

1 grape growing or winemaking, based on a sound business plan
2 that demonstrates the viability of the proposed operations.

3 Sec. 6. NEW SECTION. 159B.5 GRAPE AND WINE DEVELOPMENT
4 FUND.

5 1. A grape and wine development fund is created in the
6 state treasury under the control of the department. The fund
7 is composed of moneys appropriated by the general assembly and
8 moneys available to and obtained or accepted by the department
9 from the United States or private sources for placement in the
10 fund. The fund shall include moneys deposited in the fund
11 derived from the wine gallonage tax as provided in section
12 123.183.

13 2. Moneys in the fund are appropriated to the department
14 exclusively to carry out grape and wine development programs
15 as provided in section 159B.4, including contracting with a
16 viticulturist or enologist to provide technical assistance and
17 to provide financial assistance to growers and winemakers as
18 provided in that section.

19 3. Section 8.33 shall not apply to moneys in the fund.
20 Notwithstanding section 12C.7, moneys earned as income or
21 interest from the fund shall remain in the fund until expended
22 as provided in this section.

23 EXPLANATION

24 This bill creates a new Code chapter 159B, which provides
25 for grapes and wine development.

26 The bill establishes a grape and wine development
27 commission established within the department of agriculture
28 and land stewardship. The commission is composed of three
29 nonvoting, ex officio members, including the secretary of
30 agriculture, the director of the department of economic
31 development, and the dean of the college of agriculture of
32 Iowa state university, or their designees. The commission
33 includes five voting members appointed by the secretary of
34 agriculture based on a list of nominations submitted by
35 organizations representing growers, winemakers, and retail

1 sellers, with senate confirmation.

2 The bill provides for the operation of the commission and
3 the powers and duties of the commission and the department.
4 The department is responsible for administering the provisions
5 of the chapter, including establishing grape and wine
6 development programs, reporting to the commission regarding
7 the status of grape and wine production, providing facilities
8 for the commission to meet and carry out its functions, and
9 adopting rules as required. The commission is responsible for
10 monitoring the grape and wine industries and establishing
11 relationships with governmental agencies and interested
12 associations. The commission may also contract with a
13 viticulturist or enologist to provide technical assistance
14 under grape and wine development programs as provided in the
15 bill, and approve or disapprove applications for financial
16 assistance under those programs.

17 The bill requires that the department, in cooperation with
18 the commission, establish grape and wine development programs,
19 by assisting persons in establishing, improving, or expanding
20 vineyards or winemaking operations, including wineries. The
21 programs may provide for technical assistance, including
22 viticultural assistance in order to increase the size of
23 vineyards, improve yield, and enhance the character,
24 composition, and condition of grapes. It also provides for
25 enological assistance in order to produce, preserve, and
26 transport commercially viable wines. The bill also provides
27 for financial assistance programs in order to assist persons
28 beginning or engaged in grape growing or winemaking.

29 The bill establishes a grape and wine production fund in
30 the state treasury under the control of the department. The
31 fund includes moneys deposited in the fund derived from the
32 wine gallonage tax as provided in Code section 123.183.

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1164

IOWA DEPARTMENT OF AGRICULTURE
AND LAND STEWARDSHIP



MEMO

TO: Members of the Iowa General Assembly

FROM: Jamie Cashman, Legislative Liaison

SUBJECT: Grape Development Legislation

DATE: 2/15/01

Iowa, at the turn of the century, was one of the largest grape producing states in the nation. Due to Prohibition, and the introduction of 2-4D, grape production all but disappeared in this state. Recently several Midwestern states have initiated wine and grape programs through their departments of agriculture that have been tremendously successful in developing their grape and wine industry. Grape production and most importantly the value-added production of grapes into wine provides additional opportunities for Iowa growers to diversify and to increase tourism here in this state.

This legislation establishes a wine and grape development commission under the Iowa Department of Agriculture. It also provides funding for the commission and programs that will go towards the advancement of the wine and grape industry in Iowa. Iowa growers desperately need technical assistance to see this industry grow and flourish. This legislation will provide Iowa growers the tools they need to prosper.

REPRINTED

FILED APR 16 '01

SENATE FILE 524
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SF 340)
(SUCCESSOR TO SSB 1164)

Passed Senate, Date ^(P.1312) 4/26/01 Passed House, Date ^(P.1818) 5/3/01
Vote: Ayes 48 Nays 0 Vote: Ayes 92 Nays 3
Approved May 23, 2001

A BILL FOR

1 An Act providing assistance regarding the development of grapes
2 and wine.

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

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SF 524

1 Section 1. NEW SECTION. 159B.1 DEFINITIONS.

2 1. "Commission" means the grape and wine development
3 commission as established pursuant to section 159B.2.

4 2. "Department" means the department of agriculture and
5 land stewardship.

6 3. "Fund" means the grape and wine development fund
7 created pursuant to section 159B.5.

8 4. "Grower" means a person who owns a vineyard and is
9 actively engaged in growing grapes on a commercial basis in
10 this state for use by a winery.

11 5. "Retail seller" means a person actively engaged in the
12 business of selling wine in this state on a retail basis.

13 6. "Vineyard" means a tract of land used for growing
14 grapes used in making wine.

15 7. "Wine" means the same as defined in section 123.3.

16 8. "Winemaker" means a person who owns a winery and is
17 actively engaged in producing wine in this state on a
18 commercial basis.

19 9. "Winery" means a commercial operation using grapes for
20 the production of wine on a commercial basis.

21 Sec. 2. NEW SECTION. 159B.2 GRAPE AND WINE DEVELOPMENT
22 COMMISSION.

23 1. A grape and wine development commission is established
24 within the department. The commission shall be composed of
25 the following persons:

26 a. The following persons, or their designees, who shall
27 serve as nonvoting, ex officio members:

28 (1) The secretary of agriculture.

29 (2) The dean of the college of agriculture of Iowa state
30 university of science and technology.

31 (3) The director of the department of economic
32 development.

33 (4) The director of the department of natural resources.

34 b. The following persons appointed by the secretary of
35 agriculture, who shall serve as voting members:

- 1 (1) Two growers.
- 2 (2) Two winemakers.
- 3 (3) One retail seller.

4 The secretary of agriculture shall appoint the voting
5 members based on a list of nominations submitted by
6 organizations representing growers, winemakers, and retail
7 sellers as certified by the department according to
8 requirements of the department. The secretary of
9 agriculture's appointees shall be confirmed by the senate,
10 pursuant to section 2.32.

11 2. The voting members shall serve three-year terms
12 beginning and ending as provided in section 69.19. However,
13 the secretary of agriculture shall appoint initial members to
14 serve for less than three years to ensure members serve
15 staggered terms. A member is eligible for reappointment. A
16 vacancy on the commission shall be filled for the unexpired
17 portion of the regular term in the same manner as regular
18 appointments are made.

19 3. The commission shall elect a chairperson from among its
20 voting members each year on a rotating basis as provided by
21 the commission. The commission shall meet on a regular basis
22 and at the call of the chairperson or upon the written request
23 to the chairperson of two or more voting members.

24 4. Members are not entitled to receive compensation or
25 reimbursement of expenses from the department as otherwise
26 provided in section 7E.6.

27 5. Three voting members constitute a quorum and the
28 affirmative vote of a majority of the voting members present
29 is necessary for any substantive action to be taken by the
30 commission. The majority shall not include any member who has
31 a conflict of interest and a statement by a member that the
32 member has a conflict of interest is conclusive for this
33 purpose. A vacancy in the membership does not impair the
34 duties of the commission.

35 Sec. 3. NEW SECTION. 159B.3 ADMINISTRATION.

1 1. The department shall administer this chapter and shall
2 do all of the following:

3 a. Establish and administer grape and wine development
4 programs as provided in section 159B.4 and account for and
5 expend moneys from the grape and wine development fund created
6 pursuant to section 159B.5.

7 b. Report to the commission regarding the status of grape
8 and wine development, including information regarding persons
9 receiving assistance under grape and wine development programs
10 as provided in section 159B.4 and the status of the grape and
11 wine development fund as provided in section 159B.5.

12 c. Provide facilities for the commission to meet and carry
13 out its powers and duties as provided in this section,
14 including by staffing commission meetings.

15 d. Adopt all rules necessary to administer this chapter.

16 2. The grape and wine development commission shall oversee
17 the administration of this chapter by the department and shall
18 do all of the following:

19 a. Monitor conditions, practices, policies, and programs
20 affecting the grape and wine development in this state.

21 b. Establish mutually beneficial relationships with local,
22 state, and federal governmental agencies and local, regional,
23 and national associations representing growers and winemakers.

24 c. Contract with a viticulturist or oenologist to provide
25 technical assistance under grape and wine development programs
26 as provided in section 159B.4.

27 d. Approve or disapprove applications for financial
28 assistance under grape and wine development programs as
29 provided in section 159B.4, after departmental review and
30 recommendation and in accordance with rules adopted pursuant
31 to this chapter. The department shall adopt rules for
32 awarding moneys to persons submitting proposals, including
33 procedures for submitting applications and criteria for
34 selecting proposals.

35 e. Approve rules proposed by the department for adoption

1 pursuant to chapter 17A required for the administration of
2 this chapter.

3 Sec. 4. NEW SECTION. 159B.4 GRAPE AND WINE DEVELOPMENT
4 PROGRAMS.

5 The department in cooperation with the commission shall
6 establish grape and wine development programs, by assisting
7 persons in establishing, improving, or expanding vineyards or
8 winemaking operations, including wineries. The programs may
9 provide for all of the following:

10 1. Technical assistance which may include all the
11 following:

12 a. Viticultural assistance in order to increase the size
13 of vineyards, improve yield, and enhance the character,
14 composition, and condition of grapes. The department may
15 provide technical assistance regarding the selection and
16 management of vines suitable for regions of this state;
17 cultivation and harvest practices; the implementation of
18 practices designed to improve grape growing based on soil
19 types, nutrients and minerals, space, climate, and drainage;
20 the use of recommended varieties of native or hybrid
21 cultivars; and disease, weed, and pest control, including the
22 safe and effective application of pesticides or herbicides or
23 the use of organic practices.

24 b. Oenological assistance which may be based on
25 oenological study in order to produce, preserve, and transport
26 commercially viable wines, including high-quality wines, wines
27 adapted to particular regions of the state, and wines with
28 distinctive tastes produced from native or hybrid cultivars.
29 The technical assistance may include assistance regarding
30 improving practices or constructing facilities designed to
31 expand or improve processing, cellarage, or bottling.

32 2. Financial assistance which shall be in the form of a
33 loan, forgivable loan, loan guarantee, cost share,
34 indemnification of costs, or any combination of such financing
35 as deemed appropriate by the commission. The financial

1 assistance may be awarded to persons beginning or engaged in
2 grape growing or winemaking, based on a sound business plan
3 that demonstrates the viability of the proposed operations.

4 Sec. 5. NEW SECTION. 159B.5 GRAPE AND WINE DEVELOPMENT
5 FUND.

6 1. A grape and wine development fund is created in the
7 state treasury under the control of the department. The fund
8 is composed of moneys appropriated by the general assembly and
9 moneys available to and obtained or accepted by the department
10 from the United States or private sources for placement in the
11 fund.

12 2. Moneys in the fund are appropriated to the department
13 exclusively to carry out grape and wine development programs
14 as provided in section 159B.4, including contracting with a
15 viticulturist or oenologist to provide technical assistance
16 and to provide financial assistance to growers and winemakers
17 as provided in that section.

18 3. Section 8.33 shall not apply to moneys in the fund.
19 Notwithstanding section 12C.7, moneys earned as income or
20 interest from the fund shall remain in the fund until expended
21 as provided in this section.

22 EXPLANATION

23 This bill creates a new Code chapter 159B, which provides
24 for grapes and wine development.

25 The bill establishes a grape and wine development
26 commission established within the department of agriculture
27 and land stewardship. The commission is composed of three
28 nonvoting, ex officio members, including the secretary of
29 agriculture, the director of the department of economic
30 development, and the dean of the college of agriculture of
31 Iowa state university, or their designees. The commission
32 includes five voting members appointed by the secretary of
33 agriculture based on a list of nominations submitted by
34 organizations representing growers, winemakers, and retail
35 sellers, with senate confirmation.

1 The bill provides for the operation of the commission and
2 the powers and duties of the commission and the department.
3 The department is responsible for administering the provisions
4 of the chapter, including establishing grape and wine
5 development programs, reporting to the commission regarding
6 the status of grape and wine production, providing facilities
7 for the commission to meet and carry out its functions, and
8 adopting rules as required. The commission is responsible for
9 monitoring the grape and wine industries and establishing
10 relationships with governmental agencies and interested
11 associations. The commission may also contract with a
12 viticulturist or oenologist to provide technical assistance
13 under grape and wine development programs as provided in the
14 bill, and approve or disapprove applications for financial
15 assistance under those programs.

16 The bill requires that the department, in cooperation with
17 the commission, establish grape and wine development programs,
18 by assisting persons in establishing, improving, or expanding
19 vineyards or winemaking operations, including wineries. The
20 programs may provide for technical assistance, including
21 viticultural assistance in order to increase the size of
22 vineyards, improve yield, and enhance the character,
23 composition, and condition of grapes. It also provides for
24 oenological assistance in order to produce, preserve, and
25 transport commercially viable wines. The bill also provides
26 for financial assistance programs in order to assist persons
27 beginning or engaged in grape growing or winemaking.

28 The bill establishes a grape and wine development fund in
29 the state treasury under the control of the department.

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SENATE FILE 524

S-3470

1 Amend Senate File 524 as follows:

2 1. Page 1, by inserting before line 1, the
3 following:

4 "Section 1. Section 123.183, Code 2001, is amended
5 to read as follows:

6 123.183 WINE GALLONAGE TAX AND RELATED FUNDS.

7 1. In addition to the annual permit fee to be paid
8 by each class "A" wine permittee, ~~there a wine~~
9 gallonage tax shall be levied and collected from each
10 class "A" wine permittee on all wine manufactured for
11 sale and sold in this state at wholesale and on all
12 wine imported into this state for sale at wholesale
13 and sold in this state at wholesale, a. The rate of
14 the wine gallonage tax of is one dollar and seventy-
15 five cents for every each wine gallon and a like. The
16 same rate shall apply for the fractional parts of a
17 wine gallon. A The wine gallonage tax shall not be
18 levied or collected on wine sold by one class "A" wine
19 permittee to another class "A" wine permittee.

20 2. a. Revenue ~~derived~~ collected from the wine
21 gallonage tax collected on wine manufactured for sale
22 and sold in this state shall be deposited in the wine
23 gallonage tax fund hereby as created in this section.

24 b. A wine gallonage tax fund is created in the
25 office of the treasurer of state. Moneys deposited in
26 the ~~gallonage tax~~ the fund are appropriated to the
27 department of economic development as provided in
28 section 15E.117. Moneys in the fund shall not revert
29 to the general fund of the state without a specific
30 appropriation by the general assembly are not subject
31 to section 8.33.

32 3. ~~All other~~ Of the amount of revenue collected
33 from the wine gallonage tax on wine imported into this
34 state for sale at wholesale and sold in this state at
35 wholesale, the first three cents shall be deposited in
36 the grape and wine development fund as created in
37 section 15E.5. The remaining revenue ~~derived~~
38 collected from the wine gallonage tax on wine imported
39 into this state for sale at wholesale and sold in this
40 state at wholesale shall be deposited in the liquor
41 control fund ~~established by~~ created in section 123.53
42 and shall be transferred by the director of revenue
43 and finance to the general fund of the state."

44 2. Page 5, line 11, by inserting after the word
45 "fund." the following: "The fund shall include moneys
46 deposited into the fund from the wine gallonage tax as
47 provided in section 123.183."

48 3. Title page, line 2, by inserting after the
49 word "wine" the following: "and providing an
50 appropriation".

S-3470

S-3470

Page 2

1 4. By renumbering as necessary.

By JOHN P. KIBBIE

BILL FINK

BETTY A. SOUKUP

MATT McCOY

MIKE CONNOLLY

TOM FLYNN

PATRICK J. DELUHERY

PATRICIA HARPER

JOHNIE HAMMOND

THOMAS FIEGEN

DENNIS H. BLACK

WALLY E. HORN

ROBERT E. DVORSKY

EUGENE S. FRAISE

S-3470 FILED APRIL 24, 2001

w/R

4/26/01

SENATE FILE 524

S-3518

1 Amend Senate File 524 as follows:

2 1. Page 1, by inserting before line 1, the
3 following:

4 "Section 1. Section 123.183, Code 2001, is amended
5 to read as follows:

6 123.183 WINE GALLONAGE TAX AND RELATED FUNDS.

7 1. In addition to the annual permit fee to be paid
8 by each class "A" wine permittee, ~~there a wine~~
9 gallonage tax shall be levied and collected from each
10 class "A" wine permittee on all wine manufactured for
11 sale and sold in this state at wholesale and on all
12 wine imported into this state for sale at wholesale
13 and sold in this state at wholesale, ~~a.~~ The rate of
14 the wine gallonage tax ~~of~~ is one dollar and seventy-
15 five cents for ~~every each~~ wine gallon ~~and a like.~~ The
16 same rate shall apply for the fractional parts of a
17 wine gallon. A ~~The wine gallonage tax~~ shall not be
18 levied or collected on wine sold by one class "A" wine
19 permittee to another class "A" wine permittee.

20 2. a. Revenue ~~derived~~ collected from the wine
21 gallonage tax ~~collected~~ on wine manufactured for sale
22 and sold in this state shall be deposited in the wine
23 gallonage tax fund ~~hereby~~ as created in this section.

24 b. A wine gallonage tax fund is created in the
25 office of the treasurer of state. Moneys deposited in
26 ~~the gallonage tax~~ the fund are appropriated to the
27 department of economic development as provided in
28 section 15E.117. Moneys in the fund ~~shall not revert~~
29 to the general fund of the state without a specific
30 appropriation by the general assembly are not subject
31 to section 8.33.

32 3. ~~All other~~ The revenue collected from the wine
33 gallonage tax on wine imported into this state for
34 sale at wholesale and sold in this state at wholesale
35 shall be deposited as follows:

36 a. On June 30 of each fiscal year fifty percent of
37 the revenue collected from the wine gallonage tax on
38 wine imported into this state at wholesale and sold in
39 this state at wholesale that is in excess of the
40 revenue collected from such tax as of June 30 for the
41 previous fiscal year shall be deposited in the grape
42 and wine development fund as created in section
43 159B.5.

44 b. The remaining revenue ~~derived~~ collected from
45 the wine gallonage tax on wine imported into this
46 state for sale at wholesale and sold in this state at
47 wholesale shall be deposited in the liquor control
48 fund ~~established by~~ created in section 123.53 ~~and~~
49 ~~shall be transferred by the director of revenue and~~
50 ~~finance to the general fund of the state."~~

S-3518

S-3518

Page 2

- 1 2. Page 5, line 11, by inserting after the word
2 "fund." the following: "The fund shall include moneys
3 deposited into the fund from the wine gallonage tax as
4 provided in section 123.183."
5 3. Page 5, by inserting after line 21, the
6 following:
7 "Sec. ____ . EFFECTIVE DATE. Section 123.183, as
8 amended by this Act, takes effect on July 1, 2002."
9 4. Title page, line 2, by inserting after the
10 word "wine" the following: ", providing for tax
11 revenue and an appropriation, and providing an
12 effective date".
13 5. By renumbering as necessary.

By BETTY A. SOUKUP
DAVID MILLER

S-3518 FILED APRIL 25, 2001

0/0

4/26/01

(p. 1341)

SENATE FILE 524

S-3530

1 Amend Senate File 524 as follows:

2 1. Page 1, by inserting before line 1, the
3 following:

4 "Section 1. Section 123.183, Code 2001, is amended
5 to read as follows:

6 123.183 WINE GALLONAGE TAX AND RELATED FUNDS.

7 1. In addition to the annual permit fee to be paid
8 by each class "A" wine permittee, ~~there a wine~~
9 gallonage tax shall be levied and collected from each
10 class "A" wine permittee on all wine manufactured for
11 sale and sold in this state at wholesale and on all
12 wine imported into this state for sale at wholesale
13 and sold in this state at wholesale, ~~a.~~ The rate of
14 the wine gallonage tax ~~of~~ is one dollar and seventy-
15 five cents for ~~every each~~ wine gallon ~~and a like.~~ The
16 same rate shall apply for the fractional parts of a
17 wine gallon. ~~A~~ The wine gallonage tax shall not be
18 levied or collected on wine sold by one class "A" wine
19 permittee to another class "A" wine permittee.

20 2. a. Revenue ~~derived~~ collected from the wine
21 gallonage tax ~~collected~~ on wine manufactured for sale
22 and sold in this state shall be deposited in the wine
23 gallonage tax fund ~~hereby~~ as created in this section.

24 b. A wine gallonage tax fund is created in the
25 office of the treasurer of state. Moneys deposited in
26 ~~the gallonage tax~~ the fund are appropriated to the
27 department of economic development as provided in
28 section 15E.117. Moneys in the fund ~~shall not revert~~
29 to the general fund of the state without a specific
30 appropriation by the general assembly are not subject
31 to section 8.33.

32 3. ~~All other~~ The revenue collected from the wine
33 gallonage tax on wine imported into this state for
34 sale at wholesale and sold in this state at wholesale
35 shall be deposited as follows:

36 a. The revenue actually collected during each
37 fiscal year from the wine gallonage tax on wine
38 imported into this state at wholesale and sold in this
39 state at wholesale that is in excess of the revenue
40 estimated to be collected from such tax as last agreed
41 to by the state revenue estimating conference during
42 the previous fiscal year as provided in section 8.22A
43 shall be deposited in the grape and wine development
44 fund as created in section 159B.5. However, not more
45 than seventy-five thousand dollars from such tax shall
46 be deposited into the grape and wine development fund
47 during any fiscal year.

48 b. The remaining revenue ~~derived~~ collected from
49 the wine gallonage tax on wine imported into this
50 state for sale at wholesale and sold in this state at

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Page 2

1 wholesale shall be deposited in the liquor control
 2 ~~fund established by~~ created in section 123.53 and
 3 ~~shall be transferred by the director of revenue and~~
 4 ~~finance to the general fund of the state."~~

5 2. Page 5, line 11, by inserting after the word
 6 "fund." the following: "The fund shall include moneys
 7 deposited into the fund from the wine gallonage tax as
 8 provided in section 123.183."

9 3. Title page, line 2, by inserting after the
 10 word "wine" the following: "and providing for tax
 11 revenue and an appropriation".

12 4. By renumbering as necessary.

By MARY A. LUNDBY

DAVID MILLER

O. GENE MADDOX

JOANN JOHNSON

STEVE KING

JOHN P. KIBBIE

BILL FINK

JEFF LAMBERTI

E. THURMAN GASKILL

PAUL MCKINLEY

NANCY BOETTGER

MIKE CONNOLLY

BETTY A. SOKUP

STEVEN D. HANSEN

TOM FLYNN

a adopted 4/26/01 (p. 1341)
S-3530 FILED APRIL 25, 2001

SENATE FILE 524**S-3536**

1 Amend Senate File 524 as follows:

2 1. Page 2, line 8, by inserting after the word
 3 "department." the following: "Appointments of voting
 4 members are subject to the requirements of sections
 5 69.16 and 69.16A. In addition, the appointments shall
 6 be geographically balanced. Unless the secretary of
 7 agriculture determines that it is not feasible, at
 8 least one person appointed as a voting member shall
 9 reside in each of the state's congressional districts
 10 at the time of appointment."

11 2. Page 4, line 8, by inserting after the word
 12 "wineries." the following: "To every extent feasible,
 13 the programs shall provide assistance to persons
 14 located in all regions of the state."

By E. THURMAN GASKILL**S-3536** FILED APRIL 26, 2001ADOPTED *(p. 1341)*

1 Section 1. Section 123.183, Code 2001, is amended to read
2 as follows:

3 123.183 WINE GALLONAGE TAX AND RELATED FUNDS.

4 1. In addition to the annual permit fee to be paid by each
5 class "A" wine permittee, there a wine gallonage tax shall be
6 levied and collected from each class "A" wine permittee on all
7 wine manufactured for sale and sold in this state at wholesale
8 and on all wine imported into this state for sale at wholesale
9 and sold in this state at wholesale, -a. The rate of the wine
10 gallonage tax of is one dollar and seventy-five cents for
11 every each wine gallon and-a-like. The same rate shall apply
12 for the fractional parts of a wine gallon. A The wine
13 gallonage tax shall not be levied or collected on wine sold by
14 one class "A" wine permittee to another class "A" wine
15 permittee.

16 2. a. Revenue derived collected from the wine gallonage
17 tax collected on wine manufactured for sale and sold in this
18 state shall be deposited in the wine gallonage tax fund hereby
19 as created in this section.

20 b. A wine gallonage tax fund is created in the office of
21 the treasurer of state. Moneys deposited in the-gallonage-tax
22 the fund are appropriated to the department of economic
23 development as provided in section 15E.117. Moneys in the
24 fund shall-not-revert-to-the-general-fund-of-the-state-without
25 a-specific-appropriation-by-the-general-assembly are not
26 subject to section 8.33.

27 3. All-other The revenue collected from the wine gallonage
28 tax on wine imported into this state for sale at wholesale and
29 sold in this state at wholesale shall be deposited as follows:

30 a. The revenue actually collected during each fiscal year
31 from the wine gallonage tax on wine imported into this state
32 at wholesale and sold in this state at wholesale that is in
33 excess of the revenue estimated to be collected from such tax
34 as last agreed to by the state revenue estimating conference
35 during the previous fiscal year as provided in section 8.22A

1 shall be deposited in the grape and wine development fund as
2 created in section 159B.5. However, not more than seventy-
3 five thousand dollars from such tax shall be deposited into
4 the grape and wine development fund during any fiscal year.

5 b. The remaining revenue derived collected from the wine
6 gallage tax on wine imported into this state for sale at
7 wholesale and sold in this state at wholesale shall be
8 deposited in the liquor control fund established by created in
9 section 123.53 and shall be transferred by the director of
10 revenue and finance to the general fund of the state.

11 Sec. 2. NEW SECTION. 159B.1 DEFINITIONS.

12 1. "Commission" means the grape and wine development
13 commission as established pursuant to section 159B.2.

14 2. "Department" means the department of agriculture and
15 land stewardship.

16 3. "Fund" means the grape and wine development fund
17 created pursuant to section 159B.5.

18 4. "Grower" means a person who owns a vineyard and is
19 actively engaged in growing grapes on a commercial basis in
20 this state for use by a winery.

21 5. "Retail seller" means a person actively engaged in the
22 business of selling wine in this state on a retail basis.

23 6. "Vineyard" means a tract of land used for growing
24 grapes used in making wine.

25 7. "Wine" means the same as defined in section 123.3.

26 8. "Winemaker" means a person who owns a winery and is
27 actively engaged in producing wine in this state on a
28 commercial basis.

29 9. "Winery" means a commercial operation using grapes for
30 the production of wine on a commercial basis.

31 Sec. 3. NEW SECTION. 159B.2 GRAPE AND WINE DEVELOPMENT
32 COMMISSION.

33 1. A grape and wine development commission is established
34 within the department. The commission shall be composed of
35 the following persons:

1 a. The following persons, or their designees, who shall
2 serve as nonvoting, ex officio members:

- 3 (1) The secretary of agriculture.
4 (2) The dean of the college of agriculture of Iowa state
5 university of science and technology.
6 (3) The director of the department of economic
7 development.
8 (4) The director of the department of natural resources.

9 b. The following persons appointed by the secretary of
10 agriculture, who shall serve as voting members:

- 11 (1) Two growers.
12 (2) Two winemakers.
13 (3) One retail seller.

14 The secretary of agriculture shall appoint the voting
15 members based on a list of nominations submitted by
16 organizations representing growers, winemakers, and retail
17 sellers as certified by the department according to
18 requirements of the department. Appointments of voting
19 members are subject to the requirements of sections 69.16 and
20 69.16A. In addition, the appointments shall be geographically
21 balanced. Unless the secretary of agriculture determines that
22 it is not feasible, at least one person appointed as a voting
23 member shall reside in each of the state's congressional
24 districts at the time of appointment. The secretary of
25 agriculture's appointees shall be confirmed by the senate,
26 pursuant to section 2.32.

27 2. The voting members shall serve three-year terms
28 beginning and ending as provided in section 69.19. However,
29 the secretary of agriculture shall appoint initial members to
30 serve for less than three years to ensure members serve
31 staggered terms. A member is eligible for reappointment. A
32 vacancy on the commission shall be filled for the unexpired
33 portion of the regular term in the same manner as regular
34 appointments are made.

35 3. The commission shall elect a chairperson from among its

1 voting members each year on a rotating basis as provided by
2 the commission. The commission shall meet on a regular basis
3 and at the call of the chairperson or upon the written request
4 to the chairperson of two or more voting members.

5 4. Members are not entitled to receive compensation or
6 reimbursement of expenses from the department as otherwise
7 provided in section 7E.6.

8 5. Three voting members constitute a quorum and the
9 affirmative vote of a majority of the voting members present
10 is necessary for any substantive action to be taken by the
11 commission. The majority shall not include any member who has
12 a conflict of interest and a statement by a member that the
13 member has a conflict of interest is conclusive for this
14 purpose. A vacancy in the membership does not impair the
15 duties of the commission.

16 Sec. 4. NEW SECTION. 159B.3 ADMINISTRATION.

17 1. The department shall administer this chapter and shall
18 do all of the following:

19 a. Establish and administer grape and wine development
20 programs as provided in section 159B.4 and account for and
21 expend moneys from the grape and wine development fund created
22 pursuant to section 159B.5.

23 b. Report to the commission regarding the status of grape
24 and wine development, including information regarding persons
25 receiving assistance under grape and wine development programs
26 as provided in section 159B.4 and the status of the grape and
27 wine development fund as provided in section 159B.5.

28 c. Provide facilities for the commission to meet and carry
29 out its powers and duties as provided in this section,
30 including by staffing commission meetings.

31 d. Adopt all rules necessary to administer this chapter.

32 2. The grape and wine development commission shall oversee
33 the administration of this chapter by the department and shall
34 do all of the following:

35 a. Monitor conditions, practices, policies, and programs

1 affecting the grape and wine development in this state.

2 b. Establish mutually beneficial relationships with local,
3 state, and federal governmental agencies and local, regional,
4 and national associations representing growers and winemakers.

5 c. Contract with a viticulturist or oenologist to provide
6 technical assistance under grape and wine development programs
7 as provided in section 159B.4.

8 d. Approve or disapprove applications for financial
9 assistance under grape and wine development programs as
10 provided in section 159B.4, after departmental review and
11 recommendation and in accordance with rules adopted pursuant
12 to this chapter. The department shall adopt rules for
13 awarding moneys to persons submitting proposals, including
14 procedures for submitting applications and criteria for
15 selecting proposals.

16 e. Approve rules proposed by the department for adoption
17 pursuant to chapter 17A required for the administration of
18 this chapter.

19 Sec. 5. NEW SECTION. 159B.4 GRAPE AND WINE DEVELOPMENT
20 PROGRAMS.

21 The department in cooperation with the commission shall
22 establish grape and wine development programs, by assisting
23 persons in establishing, improving, or expanding vineyards or
24 winemaking operations, including wineries. To every extent
25 feasible, the programs shall provide assistance to persons
26 located in all regions of the state. The programs may provide
27 for all of the following:

28 1. Technical assistance which may include all the
29 following:

30 a. Viticultural assistance in order to increase the size
31 of vineyards, improve yield, and enhance the character,
32 composition, and condition of grapes. The department may
33 provide technical assistance regarding the selection and
34 management of vines suitable for regions of this state;
35 cultivation and harvest practices; the implementation of

1 practices designed to improve grape growing based on soil
2 types, nutrients and minerals, space, climate, and drainage;
3 the use of recommended varieties of native or hybrid
4 cultivars; and disease, weed, and pest control, including the
5 safe and effective application of pesticides or herbicides or
6 the use of organic practices.

7 b. Oenological assistance which may be based on
8 oenological study in order to produce, preserve, and transport
9 commercially viable wines, including high-quality wines, wines
10 adapted to particular regions of the state, and wines with
11 distinctive tastes produced from native or hybrid cultivars.
12 The technical assistance may include assistance regarding
13 improving practices or constructing facilities designed to
14 expand or improve processing, cellarage, or bottling.

15 2. Financial assistance which shall be in the form of a
16 loan, forgivable loan, loan guarantee, cost share,
17 indemnification of costs, or any combination of such financing
18 as deemed appropriate by the commission. The financial
19 assistance may be awarded to persons beginning or engaged in
20 grape growing or winemaking, based on a sound business plan
21 that demonstrates the viability of the proposed operations.

22 Sec. 6. NEW SECTION. 159B.5 GRAPE AND WINE DEVELOPMENT
23 FUND.

24 1. A grape and wine development fund is created in the
25 state treasury under the control of the department. The fund
26 is composed of moneys appropriated by the general assembly and
27 moneys available to and obtained or accepted by the department
28 from the United States or private sources for placement in the
29 fund. The fund shall include moneys deposited into the fund
30 from the wine gallonage tax as provided in section 123.183.

31 2. Moneys in the fund are appropriated to the department
32 exclusively to carry out grape and wine development programs
33 as provided in section 159B.4, including contracting with a
34 viticulturist or oenologist to provide technical assistance
35 and to provide financial assistance to growers and winemakers

1 as provided in that section.

2 3. Section 8.33 shall not apply to moneys in the fund.
3 Notwithstanding section 12C.7, moneys earned as income or
4 interest from the fund shall remain in the fund until expended
5 as provided in this section.

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SENATE FILE 524

H-1916

1 Amend Senate File 524, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, by striking line 30, and inserting the
4 following:

5 "a. For each fiscal year until the close of the
6 fiscal year ending in 2011, the revenue actually
7 collected during that fiscal year".

8 2. Page 6, line 30, by inserting after the figure
9 "123.183" the following: ", until the close of the
10 fiscal year ending in 2011".

By BRUNKHORST of Bremer

H-1916 FILED MAY 2, 2001

w/d 5/3/01 (p.1818)

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SENATE FILE 524

AN ACT

PROVIDING ASSISTANCE REGARDING THE DEVELOPMENT OF GRAPES AND WINE AND PROVIDING FOR TAX REVENUE AND AN APPROPRIATION.

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

Section 1. Section 123.183, Code 2001, is amended to read as follows:

123.183 WINE GALLONAGE TAX AND RELATED FUNDS.

1. In addition to the annual permit fee to be paid by each class "A" wine permittee, there a wine gallonage tax shall be levied and collected from each class "A" wine permittee on all wine manufactured for sale and sold in this state at wholesale and on all wine imported into this state for sale at wholesale and sold in this state at wholesale~~a. The rate of the wine gallonage tax of is one dollar and seventy-five cents for every each wine gallon and a like. The same rate shall apply for the fractional parts of a wine gallon. A The wine gallonage tax shall not be levied or collected on wine sold by one class "A" wine permittee to another class "A" wine permittee.~~

2. a. Revenue derived collected from the wine gallonage tax collected on wine manufactured for sale and sold in this state shall be deposited in the wine gallonage tax fund hereby as created in this section.

b. A wine gallonage tax fund is created in the office of the treasurer of state. Moneys deposited in the-gallonage-tax the fund are appropriated to the department of economic development as provided in section 15E.117. Moneys in the fund shall-not-revert-to-the-general-fund-of-the-state-without a-specific-appropriation-by-the-general-assembly are not subject to section 8.33.

3. All-other The revenue collected from the wine gallonage tax on wine imported into this state for sale at wholesale and sold in this state at wholesale shall be deposited as follows:

a. The revenue actually collected during each fiscal year from the wine gallonage tax on wine imported into this state at wholesale and sold in this state at wholesale that is in excess of the revenue estimated to be collected from such tax as last agreed to by the state revenue estimating conference during the previous fiscal year as provided in section 8.22A shall be deposited in the grape and wine development fund as created in section 159B.5. However, not more than seventy-five thousand dollars from such tax shall be deposited into the grape and wine development fund during any fiscal year.

b. The remaining revenue derived collected from the wine gallonage tax on wine imported into this state for sale at wholesale and sold in this state at wholesale shall be deposited in the liquor control fund established-by created in section 123.53 and-shall-be-transferred-by-the-director-of revenue-and-finance-to-the-general-fund-of-the-state.

Sec. 2. NEW SECTION. 159B.1 DEFINITIONS.

1. "Commission" means the grape and wine development commission as established pursuant to section 159B.2.

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

3. "Fund" means the grape and wine development fund created pursuant to section 159B.5.

4. "Grower" means a person who owns a vineyard and is actively engaged in growing grapes on a commercial basis in this state for use by a winery.

5. "Retail seller" means a person actively engaged in the business of selling wine in this state on a retail basis.

6. "Vineyard" means a tract of land used for growing grapes used in making wine.

7. "Wine" means the same as defined in section 123.3.

8. "Winemaker" means a person who owns a winery and is actively engaged in producing wine in this state on a commercial basis.

9. "Winery" means a commercial operation using grapes for the production of wine on a commercial basis.

Sec. 3. NEW SECTION. 159B.2 GRAPE AND WINE DEVELOPMENT COMMISSION.

1. A grape and wine development commission is established within the department. The commission shall be composed of the following persons:

a. The following persons, or their designees, who shall serve as nonvoting, ex officio members:

- (1) The secretary of agriculture.
- (2) The dean of the college of agriculture of Iowa state university of science and technology.
- (3) The director of the department of economic development.

(4) The director of the department of natural resources.

b. The following persons appointed by the secretary of agriculture, who shall serve as voting members:

- (1) Two growers.
- (2) Two winemakers.
- (3) One retail seller.

The secretary of agriculture shall appoint the voting members based on a list of nominations submitted by organizations representing growers, winemakers, and retail sellers as certified by the department according to requirements of the department. Appointments of voting members are subject to the requirements of sections 69.16 and 69.16A. In addition, the appointments shall be geographically balanced. Unless the secretary of agriculture determines that it is not feasible, at least one person appointed as a voting member shall reside in each of the state's congressional districts at the time of appointment. The secretary of agriculture's appointees shall be confirmed by the senate, pursuant to section 2.32.

2. The voting members shall serve three-year terms beginning and ending as provided in section 69.19. However, the secretary of agriculture shall appoint initial members to

serve for less than three years to ensure members serve staggered terms. A member is eligible for reappointment. A vacancy on the commission shall be filled for the unexpired portion of the regular term in the same manner as regular appointments are made.

3. The commission shall elect a chairperson from among its voting members each year on a rotating basis as provided by the commission. The commission shall meet on a regular basis and at the call of the chairperson or upon the written request to the chairperson of two or more voting members.

4. Members are not entitled to receive compensation or reimbursement of expenses from the department as otherwise provided in section 7E.6.

5. Three voting members constitute a quorum and the affirmative vote of a majority of the voting members present is necessary for any substantive action to be taken by the commission. The majority 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 duties of the commission.

Sec. 4. NEW SECTION. 159B.3 ADMINISTRATION.

1. The department shall administer this chapter and shall do all of the following:

a. Establish and administer grape and wine development programs as provided in section 159B.4 and account for and expend moneys from the grape and wine development fund created pursuant to section 159B.5.

b. Report to the commission regarding the status of grape and wine development, including information regarding persons receiving assistance under grape and wine development programs as provided in section 159B.4 and the status of the grape and wine development fund as provided in section 159B.5.

c. Provide facilities for the commission to meet and carry out its powers and duties as provided in this section, including by staffing commission meetings.

d. Adopt all rules necessary to administer this chapter.

2. The grape and wine development commission shall oversee the administration of this chapter by the department and shall do all of the following:

- a. Monitor conditions, practices, policies, and programs affecting the grape and wine development in this state.
- b. Establish mutually beneficial relationships with local, state, and federal governmental agencies and local, regional, and national associations representing growers and winemakers.
- c. Contract with a viticulturist or oenologist to provide technical assistance under grape and wine development programs as provided in section 159B.4.
- d. Approve or disapprove applications for financial assistance under grape and wine development programs as provided in section 159B.4, after departmental review and recommendation and in accordance with rules adopted pursuant to this chapter. The department shall adopt rules for awarding moneys to persons submitting proposals, including procedures for submitting applications and criteria for selecting proposals.
- e. Approve rules proposed by the department for adoption pursuant to chapter 17A required for the administration of this chapter.

Sec. 5. NEW SECTION. 159B.4 GRAPE AND WINE DEVELOPMENT PROGRAMS.

The department in cooperation with the commission shall establish grape and wine development programs, by assisting persons in establishing, improving, or expanding vineyards or winemaking operations, including wineries. To every extent feasible, the programs shall provide assistance to persons located in all regions of the state. The programs may provide for all of the following:

1. Technical assistance which may include all the following:
 - a. Viticultural assistance in order to increase the size of vineyards, improve yield, and enhance the character, composition, and condition of grapes. The department may

provide technical assistance regarding the selection and management of vines suitable for regions of this state; cultivation and harvest practices; the implementation of practices designed to improve grape growing based on soil types, nutrients and minerals, space, climate, and drainage; the use of recommended varieties of native or hybrid cultivars; and disease, weed, and pest control, including the safe and effective application of pesticides or herbicides or the use of organic practices.

- b. Oenological assistance which may be based on oenological study in order to produce, preserve, and transport commercially viable wines, including high-quality wines, wines adapted to particular regions of the state, and wines with distinctive tastes produced from native or hybrid cultivars. The technical assistance may include assistance regarding improving practices or constructing facilities designed to expand or improve processing, cellarage, or bottling.

2. Financial assistance which shall be in the form of a loan, forgivable loan, loan guarantee, cost share, indemnification of costs, or any combination of such financing as deemed appropriate by the commission. The financial assistance may be awarded to persons beginning or engaged in grape growing or winemaking, based on a sound business plan that demonstrates the viability of the proposed operations.

Sec. 6. NEW SECTION. 159B.5 GRAPE AND WINE DEVELOPMENT FUND.

1. A grape and wine development fund is created in the state treasury under the control of the department. The fund is composed of moneys appropriated by the general assembly and moneys available to and obtained or accepted by the department from the United States or private sources for placement in the fund. The fund shall include moneys deposited into the fund from the wine gallonage tax as provided in section 123.183.

2. Moneys in the fund are appropriated to the department exclusively to carry out grape and wine development programs as provided in section 159B.4, including contracting with a

viticulturist or oenologist to provide technical assistance and to provide financial assistance to growers and winemakers as provided in that section.

3. Section 8.33 shall not apply to moneys in the fund. Notwithstanding section 12C.7, moneys earned as income or interest from the fund shall remain in the fund until expended as provided in this section.

MARY E. KRAMER
President of the Senate

BRENT SIEGRIST
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 524, Seventy-ninth General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved May 23, 2001

THOMAS J. VILSACK
Governor