

Behn, Fraise, Veenstra

Succeeded By  
(SF) HF 2210

SSB 3118  
Agriculture

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
AGRICULTURE BILL BY  
CHAIRPERSON BEHN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the acquisition and holding of agricultural  
2 land by qualified enterprises, providing penalties, and  
3 providing an effective date.

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

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1 Section 1. PURPOSE. The purpose of this Act is to promote  
2 economic and agricultural prosperity in this state, by  
3 providing opportunities for leading commercial enterprises  
4 that are engaged in the advancement of animal and human health  
5 sciences to acquire and hold agricultural land with certain  
6 restrictions and in a manner that complements rather than  
7 competes with the production of grain and livestock on farms  
8 in this state, and promises to enhance this state's preeminent  
9 position in agriculture.

10 Sec. 2. Section 10B.4, subsection 2, Code 2001, is amended  
11 by adding the following new paragraph:

12 NEW PARAGRAPH. h. If the reporting entity is a qualified  
13 enterprise, as provided in chapter 10D, the total amount of  
14 commercial sales of products from a designated or incidental  
15 use as provided for in section 10D.2.

16 Sec. 3. NEW SECTION. 10D.1 DEFINITIONS.

17 As used in this section, unless the context otherwise  
18 requires:

19 1. "Actively engaged in farming" means the same as defined  
20 in section 10.1.

21 2. "Agricultural land" means land suitable for use in  
22 farming as defined in section 9H.1.

23 3. "Baby chicks" means the same as defined in section  
24 168.1.

25 4. "Qualified enterprise" or "enterprise" means a domestic  
26 or foreign corporation subject to chapter 490, a nonprofit  
27 corporation organized under chapter 504A, a limited liability  
28 company as defined in section 490A.102, a cooperative  
29 association as defined in section 10.1, or a foreign business  
30 as defined in section 567.1.

31 Sec. 4. NEW SECTION. 10D.2 QUALIFIED ENTERPRISES --  
32 AGRICULTURAL LAND INTERESTS.

33 Notwithstanding any other provision of law, a qualified  
34 enterprise may acquire or hold an ownership or leasehold  
35 interest in agricultural land as long as the qualified

1 enterprise complies with all of the following requirements:

2 1. The enterprise holds a total of not more than one  
3 thousand two hundred eighty acres of agricultural land.

4 2. The enterprise only holds the agricultural land for a  
5 designated or incidental use.

6 a. A designated use must relate to producing baby chicks  
7 or fertile chicken eggs for any of the following purposes:

8 (1) Sale or resale as breeding stock or breeding stock  
9 progeny.

10 (2) Research, testing, or experimentation required to  
11 modify the genetic characteristics of chickens.

12 (3) The production and sale of products using  
13 biotechnological systems or techniques for purposes of  
14 manufacturing biological, pharmaceutical, or nutraceutical  
15 products.

16 b. An incidental use must be for a purpose related to the  
17 sale of a surplus commodity that is produced or kept on the  
18 agricultural land, or to the sale of any by-product that is  
19 produced as part of a designated use.

20 Sec. 5. NEW SECTION. 10D.3 ENFORCEMENT -- PENALTIES.

21 1. The office of attorney general or a county attorney  
22 shall enforce the provisions of this chapter.

23 2. A person who violates a provision of this chapter shall  
24 be subject to all of the following:

25 a. The person shall be assessed a civil penalty of not  
26 more than twenty-five thousand dollars. Each day that a  
27 violation exists constitutes a separate offense.

28 b. The person shall be divested of any land held in  
29 violation of this chapter within one year after judgment. The  
30 court may determine the method of divesting an interest held  
31 by a person found to be in violation of this chapter. A  
32 financial gain realized by the person that disposes of an  
33 interest held in violation of this chapter shall be forfeited.

34 c. The person shall pay all court costs and attorney fees  
35 associated with any enforcement action which shall be taxed as

1 court costs.

2 3. If the attorney general is the prevailing party, the  
3 moneys required to be paid or forfeited by a person who  
4 violates a provision of this chapter shall be deposited in the  
5 general fund of the state. If the county attorney is the  
6 prevailing party, the moneys shall be deposited in the general  
7 fund of the county.

8 4. The courts of this state may prevent and restrain  
9 violations of this chapter through the issuance of an  
10 injunction. The attorney general or a county attorney shall  
11 institute suits on behalf of the state to prevent and restrain  
12 violations of this chapter.

13 Sec. 6. EFFECTIVE DATE. This Act, being deemed of  
14 immediate importance, takes effect upon enactment.

15 EXPLANATION

16 This bill creates new Code chapter 10D. According to the  
17 bill, the purpose of the new Code chapter is to promote  
18 economic and agricultural prosperity in this state, by  
19 providing opportunities for leading commercial enterprises  
20 that are engaged in the advancement of animal and human health  
21 sciences.

22 Code chapter 9H generally prohibits corporate entities from  
23 holding an interest in agricultural land used in farming.  
24 Code chapter 567 also prohibits nonalien residents and foreign  
25 governments from holding such an interest.

26 The bill provides that notwithstanding any other provision  
27 of law, a qualified enterprise may hold an interest in  
28 agricultural land for a designated or incidental use. A  
29 qualified enterprise is a domestic or foreign corporation, a  
30 nonprofit corporation, a limited liability company, a  
31 cooperative association, or a foreign business. Code section  
32 567.1 defines a foreign business as a corporation incorporated  
33 under the laws of a foreign country, or a business entity  
34 whether or not incorporated, in which a majority interest is  
35 owned directly or indirectly by nonresident aliens.

1 The bill provides that a qualified enterprise must comply  
 2 with certain requirements in order to hold agricultural land  
 3 in this state. It can hold a total of not more than 1,280  
 4 acres of agricultural land. In addition it can only hold the  
 5 agricultural land for a designated or incidental use. A  
 6 designated use must relate to producing baby chicks or fertile  
 7 chicken eggs for sale or resale as breeding stock or breeding  
 8 stock progeny; research required to modify the genetic  
 9 characteristics of chickens; or the production and sale of  
 10 products using biotechnological systems or techniques for use  
 11 in the manufacture of biological, pharmaceutical, or  
 12 nutraceutical products. An incidental use must be the sale of  
 13 a surplus commodity that is produced or kept on the  
 14 agricultural land, or the sale of any by-product that is  
 15 produced as part of a designated use.

16 The bill provides that the attorney general or a county  
 17 attorney is responsible for enforcing the provision of the new  
 18 Code chapter. The bill provides that a person violating the  
 19 provisions of the Code chapter is subject to a civil penalty  
 20 of not more than \$25,000 and must be divested of any land held  
 21 in violation of the chapter. Each day that a violation exists  
 22 constitutes a separate violation. The person must pay all  
 23 court costs and attorney fees. The bill provides that a court  
 24 may grant an injunction in order to restrain violations of the  
 25 chapter's provisions.

26 The bill also amends Code chapter 10B, which provides for  
 27 reporting of agricultural land holdings. The bill provides  
 28 that along with other information required to be reported, an  
 29 enterprise must report the total amount of commercial sales  
 30 from commercial sales of products from a designated or  
 31 incidental use.

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Substitutes for HF 2405  
3-18-02

(P 818)

~~2002~~

FILED FEB 18 2002

SENATE FILE 2210  
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 3118)

Passed Senate, Date 2/25/02 (P.282) Passed House, Date 3/18/02 (P.819)  
Vote: Ayes 48 Nays 0 Vote: Ayes 75 Nays 13  
Approved March 28, 2002

A BILL FOR

1 An Act relating to the acquisition and holding of agricultural  
2 land by qualified enterprises, by providing for activities  
3 related to baby chicks and fertilized chicken eggs, providing  
4 penalties, and providing an effective date.

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

SF 2210

SENATE FILE 2210

H-8127

1 Amend Senate File 2210, as passed by the Senate, as  
2 follows:  
3 1. Page 1, line 32, by striking the words "an  
4 ownership or" and inserting the following: "a".  
5 2. Page 2, by inserting after line 28, the  
6 following:  
7 " \_\_\_\_: The lease executed by the qualified  
8 enterprise terminates no later than twelve years from  
9 the date that the qualified enterprise files a notice  
10 with the secretary of state as provided in this  
11 section. The lease shall not be renewed or otherwise  
12 continued to a date that is later than twelve years  
13 from the date that the qualified enterprise files the  
14 notice with the secretary of state."  
15 3. By renumbering as necessary.

By FALLON of Polk

H-8127 FILED FEBRUARY 27, 2002

W/D 3/18/02

1 Section 1. PURPOSE. The purpose of this Act is to promote  
2 economic and agricultural prosperity in this state, by  
3 providing opportunities for leading commercial enterprises  
4 that are engaged in the advancement of animal and human health  
5 sciences to acquire and hold agricultural land with certain  
6 restrictions and in a manner that complements rather than  
7 competes with the production of grain and livestock on farms  
8 in this state, and promises to enhance this state's preeminent  
9 position in agriculture.

10 Sec. 2. Section 10B.4A, Code 2001, is amended by adding  
11 the following new unnumbered paragraph:

12 NEW UNNUMBERED PARAGRAPH. A person required to file a  
13 report pursuant to this chapter is not required to register  
14 with the secretary of state as otherwise required in any  
15 chapter enumerated in this section.

16 Sec. 3. NEW SECTION. 10D.1 DEFINITIONS.

17 As used in this section, unless the context otherwise  
18 requires:

19 1. "Agricultural land" means land suitable for use in  
20 farming as defined in section 9H.1.

21 2. "Baby chicks" means the same as defined in section  
22 168.1.

23 3. "Qualified enterprise" or "enterprise" means a domestic  
24 or foreign corporation subject to chapter 490, a nonprofit  
25 corporation organized under chapter 504A, a limited liability  
26 company as defined in section 490A.102, a cooperative  
27 association as defined in section 10.1, or a foreign business  
28 as defined in section 567.1.

29 Sec. 4. NEW SECTION. 10D.2 QUALIFIED ENTERPRISES --  
30 AGRICULTURAL LAND INTERESTS.

31 Notwithstanding any other provision of law, a qualified  
32 enterprise may acquire or hold an ownership or leasehold  
33 interest in agricultural land as long as the qualified  
34 enterprise complies with all of the following requirements:

35 1. The enterprise files a notice with the secretary of

1 state not later than June 30, 2002. The notice shall be a  
2 simple statement providing the name of the enterprise and the  
3 address of the enterprise's registered office or registered  
4 agent. The notice shall indicate that the enterprise intends  
5 to acquire or hold an interest in agricultural land under this  
6 chapter. The secretary of state shall file the notice  
7 together with reports required for the enterprise as required  
8 in chapter 10B.

9 2. The enterprise holds a total of not more than one  
10 thousand two hundred eighty acres of agricultural land. The  
11 enterprise must hold not more than eight hundred acres of  
12 agricultural land in any one county.

13 3. The enterprise only holds the agricultural land for a  
14 designated or incidental use.

15 a. A designated use must relate to producing baby chicks  
16 or fertile chicken eggs for any of the following purposes:

17 (1) Sale or resale as breeding stock or breeding stock  
18 progeny.

19 (2) Research, testing, or experimentation related to the  
20 genetic characteristics of chickens.

21 (3) The production and sale of products using  
22 biotechnological systems or techniques for purposes of  
23 manufacturing animal vaccine, pharmaceutical, or nutraceutical  
24 products.

25 b. An incidental use must be for a purpose related to the  
26 sale of a surplus commodity or cull animal that is produced or  
27 kept on the agricultural land, or to the sale of any by-  
28 product that is produced as part of a designated use.

29 Sec. 5. NEW SECTION. 10D.3 ENFORCEMENT -- PENALTIES.

30 1. The office of attorney general or a county attorney  
31 shall enforce the provisions of this chapter.

32 2. A person who violates a provision of this chapter shall  
33 be subject to all of the following:

34 a. The person shall be assessed a civil penalty of not  
35 more than twenty-five thousand dollars. Each day that a

1 violation exists constitutes a separate offense.

2 b. The person shall be divested of any land held in  
3 violation of this chapter within one year after judgment. The  
4 court may determine the method of divesting an interest held  
5 by a person found to be in violation of this chapter. A  
6 financial gain realized by the person that disposes of an  
7 interest held in violation of this chapter shall be forfeited.

8 c. The person shall pay all court costs and fees  
9 associated with any enforcement action which shall be taxed as  
10 court costs.

11 3. If the attorney general is the prevailing party, the  
12 moneys required to be paid or forfeited by a person who  
13 violates a provision of this chapter shall be deposited in the  
14 general fund of the state. If the county attorney is the  
15 prevailing party, the moneys shall be deposited in the general  
16 fund of the county.

17 4. The courts of this state may prevent and restrain  
18 violations of this chapter through the issuance of an  
19 injunction. The attorney general or a county attorney shall  
20 institute suits on behalf of the state to prevent and restrain  
21 violations of this chapter.

22 5. A person who is in violation of this chapter shall not  
23 be subject to an enforcement action other than as provided in  
24 this section.

25 Sec. 6. EFFECTIVE DATE. This Act, being deemed of  
26 immediate importance, takes effect upon enactment.

27 EXPLANATION

28 This bill creates new Code chapter 10D. According to the  
29 bill, the purpose of the new Code chapter is to promote  
30 economic and agricultural prosperity in this state, by  
31 providing opportunities for leading commercial enterprises  
32 that are engaged in the advancement of animal and human health  
33 sciences.

34 Code chapter 9H generally prohibits corporate entities from  
35 holding an interest in agricultural land used in farming.

1 Code chapter 567 also prohibits nonalien residents and foreign  
2 governments from holding such an interest.

3 The bill provides that notwithstanding any other provision  
4 of law, a qualified enterprise may hold an interest in  
5 agricultural land for a designated or incidental use. A  
6 qualified enterprise is a domestic or foreign corporation, a  
7 nonprofit corporation, a limited liability company, a  
8 cooperative association, or a foreign business. Code section  
9 567.1 defines a foreign business as a corporation incorporated  
10 under the laws of a foreign country, or a business entity  
11 whether or not incorporated, in which a majority interest is  
12 owned directly or indirectly by nonresident aliens.

13 The bill provides that a qualified enterprise must comply  
14 with certain requirements in order to hold agricultural land  
15 in this state. It must file a notice with the secretary of  
16 state by June 30, 2002, declaring an intention to acquire or  
17 hold agricultural land under the Code chapter. It can hold a  
18 total of not more than 1,280 acres of agricultural land, but  
19 not more than 800 acres in any one county. In addition it can  
20 only hold the agricultural land for a designated or incidental  
21 use. A designated use must relate to producing baby chicks or  
22 fertile chicken eggs for sale or resale as breeding stock or  
23 breeding stock progeny; research related to the genetic  
24 characteristics of chickens; or the production and sale of  
25 products using biotechnological systems or techniques for use  
26 in the manufacture of animal vaccine, pharmaceutical, or  
27 nutraceutical products. An incidental use must be the sale of  
28 a surplus commodity that is produced or kept on the  
29 agricultural land, or the sale of any by-product that is  
30 produced as part of a designated use.

31 The bill provides that the attorney general or a county  
32 attorney is responsible for enforcing the provision of the new  
33 Code chapter. The bill provides that a person violating the  
34 provisions of the Code chapter is subject to a civil penalty  
35 of not more than \$25,000 and must be divested of any land held

1 in violation of the chapter. Each day that a violation exists  
2 constitutes a separate violation. The person must pay all  
3 court costs and fees. The bill provides that a court may  
4 grant an injunction in order to restrain violations of the  
5 chapter's provisions.

6 The bill also amends Code chapter 10B, which provides for  
7 reporting of agricultural land holdings. The bill provides  
8 that a person required to file a report pursuant to the Code  
9 chapter is not required to register with the secretary of  
10 state under Code chapter 567.

11 The bill takes effect upon enactment.

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SENATE FILE 2210

AN ACT

RELATING TO THE ACQUISITION AND HOLDING OF AGRICULTURAL LAND BY QUALIFIED ENTERPRISES, BY PROVIDING FOR ACTIVITIES RELATED TO BABY CHICKS AND FERTILIZED CHICKEN EGGS, PROVIDING PENALTIES, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. PURPOSE. The purpose of this Act is to promote economic and agricultural prosperity in this state, by providing opportunities for leading commercial enterprises that are engaged in the advancement of animal and human health sciences to acquire and hold agricultural land with certain restrictions and in a manner that complements rather than competes with the production of grain and livestock on farms in this state, and promises to enhance this state's preeminent position in agriculture.

Sec. 2. Section 10B.4A, Code 2001, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A person required to file a report pursuant to this chapter is not required to register with the secretary of state as otherwise required in any chapter enumerated in this section.

Sec. 3. NEW SECTION. 10D.1 DEFINITIONS.

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

1. "Agricultural land" means land suitable for use in farming as defined in section 9B.1.
2. "Baby chicks" means the same as defined in section 168.1.
3. "Qualified enterprise" or "enterprise" means a domestic or foreign corporation subject to chapter 490, a nonprofit corporation organized under chapter 504A, a limited liability

company as defined in section 490A.102, a cooperative association as defined in section 10.1, or a foreign business as defined in section 567.1.

Sec. 4. NEW SECTION. 10D.2 QUALIFIED ENTERPRISES -- AGRICULTURAL LAND INTERESTS.

Notwithstanding any other provision of law, a qualified enterprise may acquire or hold an ownership or leasehold interest in agricultural land as long as the qualified enterprise complies with all of the following requirements:

1. The enterprise files a notice with the secretary of state not later than June 30, 2002. The notice shall be a simple statement providing the name of the enterprise and the address of the enterprise's registered office or registered agent. The notice shall indicate that the enterprise intends to acquire or hold an interest in agricultural land under this chapter. The secretary of state shall file the notice together with reports required for the enterprise as required in chapter 10B.

2. The enterprise holds a total of not more than one thousand two hundred eighty acres of agricultural land. The enterprise must hold not more than eight hundred acres of agricultural land in any one county.

3. The enterprise only holds the agricultural land for a designated or incidental use.

- a. A designated use must relate to producing baby chicks or fertile chicken eggs for any of the following purposes:

- (1) Sale or resale as breeding stock or breeding stock progeny.
- (2) Research, testing, or experimentation related to the genetic characteristics of chickens.
- (3) The production and sale of products using biotechnological systems or techniques for purposes of manufacturing animal vaccine, pharmaceutical, or nutraceutical products.

b. An incidental use must be for a purpose related to the sale of a surplus commodity or cull animal that is produced or kept on the agricultural land, or to the sale of any by-product that is produced as part of a designated use.

Sec. 5. NEW SECTION. 10D.3 ENFORCEMENT -- PENALTIES.

1. The office of attorney general or a county attorney shall enforce the provisions of this chapter.

2. A person who violates a provision of this chapter shall be subject to all of the following:

a. The person shall be assessed a civil penalty of not more than twenty-five thousand dollars. Each day that a violation exists constitutes a separate offense.

b. The person shall be divested of any land held in violation of this chapter within one year after judgment. The court may determine the method of divesting an interest held by a person found to be in violation of this chapter. A financial gain realized by the person that disposes of an interest held in violation of this chapter shall be forfeited.

c. The person shall pay all court costs and fees associated with any enforcement action which shall be taxed as court costs.

3. If the attorney general is the prevailing party, the moneys required to be paid or forfeited by a person who violates a provision of this chapter shall be deposited in the general fund of the state. If the county attorney is the prevailing party, the moneys shall be deposited in the general fund of the county.

4. The courts of this state may prevent and restrain violations of this chapter through the issuance of an injunction. The attorney general or a county attorney shall institute suits on behalf of the state to prevent and restrain violations of this chapter.

5. A person who is in violation of this chapter shall not be subject to an enforcement action other than as provided in this section.

Sec. 6. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

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MARY E. KRAMER  
President of the Senate

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BRENT SIEGRIST  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2210, Seventy-ninth General Assembly.

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MICHAEL E. MARSHALL  
Secretary of the Senate

Approved March 28, 2002

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THOMAS J. VILSACK  
Governor