

HB 303 -- Linked Deposit Loans for Agriculture

Sponsor: Hobbs

This bill adds "eligible facility borrowers" to those entities that may qualify for linked deposit loans. Eligible facility borrowers are any new generation cooperative, formed or incorporated for the purpose of operating a development facility or a renewable fuel production facility, and any new generation processing entity organized or incorporated for the purpose of owning or operating a development facility or a renewable fuel production facility. The State Treasurer is allowed to place a certificate of deposit with an eligible lending institution at up to 3% below the current market interest rate, provided the institution agrees to lend the value of the deposit according to the deposit agreement.

Applicants for reduced rate loans are required to apply to the Agricultural and Small Business Development Authority for qualification as an eligible facility borrower. Upon authority qualification, the qualified lending institution, contingent on the treasurer's linked deposit, will determine if an eligible facility borrower may receive a reduced rate loan. The treasurer will have the final decision on whether to place a linked deposit in an amount equal to the loan amount with the lending institution.

No reduced rate loan to an eligible facility borrower will:

- (1) Exceed \$70 million;
- (2) Exceed 90% of the total anticipated cost of the development or renewable fuel facility or, in the case of refinancing an existing debt, exceed 90% of the fair market value of the facility; and
- (3) Exceed a loan term of five years, except that the loan may be extended up to two additional loan periods of five years each for a maximum total loan term of 15 years.

The aggregate eligible facility borrower linked deposits placed by the treasurer will not exceed \$400 million. The treasurer will not, after January 1, 2020, place any linked deposit for an eligible facility borrower to receive a lower rate loan financing, except that this restriction does not apply to any extensions of existing loans.