

SECOND REGULAR SESSION

HOUSE BILL NO. 2319

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES LOEHNER (Sponsor), SCHLOTTACH, HOBBS, SMITH (150), DETHROW, KELLY, SCHAD, NANCE, FRANZ, DAY, PARSON, SUTHERLAND, SELF, JONES (117), MUNZLINGER, MAY, WALLACE, SANDER AND WITTE (Co-sponsors).

Read 1st time February 28, 2008 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

5247L.01I

AN ACT

To amend chapter 348, RSMo, by adding thereto seven new sections relating to a livestock feed and crop input loan guarantee program.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 348, RSMo, is amended by adding thereto seven new sections, to be
2 known as sections 348.515, 348.518, 348.521, 348.524, 348.527, 348.530, and 348.533, to read
3 as follows:

**348.515. In recognition of the role of animal agriculture in the economic well-being
2 of this state and in recognition that opportunities to succeed in agriculture should not be
3 limited by the economic means of persons engaged in agriculture, the general assembly of
4 the state of Missouri declares that state assistance in the guarantee of loans made to enable
5 independent livestock and poultry family farm operations to succeed in the operation will
6 benefit the state of Missouri economically and socially and is a public purpose of great
7 importance.**

**348.518. 1. In addition to the duties and powers established in sections 348.005 to
2 348.505, the Missouri agricultural and small business development authority shall develop
3 and implement a livestock feed and crop input loan guarantee program as provided in
4 sections 348.515 to 348.533. The authority may promulgate rules necessary to carry out
5 the purposes of sections 348.515 to 348.533. The rules promulgated under sections 348.515**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

6 to 348.533 shall be designed to encourage maximum involvement and participation by
7 lenders and financial institutions in the loan guarantee program. The authority shall be
8 the administrative agency for the implementation of the loan guarantee program, and may
9 employ such persons as necessary, within the limits of appropriations made for that
10 purpose, to administer the loan guarantee program.

11 2. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo,
12 that is created under the authority delegated in this section shall become effective only if
13 it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if
14 applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable
15 and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo,
16 to review, to delay the effective date, or to disapprove and annul a rule are subsequently
17 held unconstitutional, then the grant of rulemaking authority and any rule proposed or
18 adopted after August 28, 2008, shall be invalid and void.

348.521. 1. The authority may issue certificates of guaranty covering a first loss
2 guarantee up to but not more than fifty percent of the loan on a declining principal basis
3 for loans to individuals executing a note or other evidence of a loan made for livestock feed
4 and crop input, but not to exceed the amount of forty thousand dollars for any one
5 individual and to pay from the livestock feed and crop input loan guarantee fund to an
6 eligible lender up to fifty percent of the amount on a declining principal basis of any loss
7 on any guaranteed loan made under the provisions of sections 348.515 to 348.533, in the
8 event of default on the loan. Upon payment of the loan, the authority shall be subrogated
9 to all the rights of the eligible lender.

10 2. As used in sections 348.515 to 348.533, the term "eligible lender" means those
11 entities defined as "lenders" under subdivision (8) of section 348.015.

12 3. The authority shall charge for each guaranteed loan a one-time participation fee
13 of fifty dollars which shall be collected by the lender at the time of closing and paid to the
14 authority. In addition, the authority may charge a special loan guarantee fee of up to one
15 percent per annum of the outstanding principal which shall be collected from the borrower
16 by the lender and paid to the authority. Amounts so collected shall be deposited in the
17 livestock feed and crop input loan program fund and used, upon appropriation, to pay the
18 costs of administering the program.

19 4. All moneys paid to satisfy a defaulted guaranteed loan shall only be paid out of
20 the livestock feed and crop input loan guarantee fund established by sections 348.515 to
21 348.533.

22 **5. The total outstanding guaranteed loans shall at no time exceed an amount which,**
23 **according to sound actuarial judgment, would allow immediate redemption of twenty**
24 **percent of the outstanding loans guaranteed by the fund at any one time.**

348.524. 1. There is hereby established in the state treasury the "Livestock Feed
2 **and Crop Input Loan Guarantee Fund". The fund shall consist of money appropriated**
3 **to it by the general assembly, charges, gifts, grants and bequests from federal, private or**
4 **other sources. Notwithstanding the provisions of section 33.080, RSMo, no portion of the**
5 **fund shall be transferred to the general revenue fund.**

6 **2. All moneys received by the authority for payments made on previously defaulted**
7 **guaranteed loans shall be paid promptly into the state treasury and deposited in the fund.**

8 **3. The fund shall be administered by the Missouri agricultural and small business**
9 **development authority organized under sections 348.005 to 348.180.**

10 **4. Beginning with fiscal year 2008-2009, the general assembly may appropriate**
11 **moneys not to exceed four million dollars for the establishment and initial funding of the**
12 **livestock feed and crop input loan guarantee fund.**

348.527. Moneys in the fund, both unobligated and obligated as a reserve, which
2 **in the judgment of the authority are not currently needed for payments of defaults of**
3 **guaranteed loans, may be invested by the state treasurer, and any income therefrom shall**
4 **be deposited to the credit of the fund.**

348.530. 1. Persons eligible for guarantees for loans under the provisions of
2 **sections 348.515 to 348.533 are individuals engaged in farming operations as defined in**
3 **section 348.015, who intend to use the proceeds from the loan to finance the purchase of**
4 **livestock feed used to produce livestock and input used to produce crops for the feeding of**
5 **livestock, and who are seeking a loan or loans to finance not more than ninety percent of**
6 **the anticipated cost.**

7 **2. The authority shall adopt and promulgate rules establishing eligibility under the**
8 **provisions of sections 348.515 to 348.533, taking into consideration the individual's ability**
9 **to repay the loan, the general economic conditions of the area in which the individual will**
10 **be located, the prospect of success of the particular farm operation for which the loan is**
11 **sought and such other factors as the authority may establish. The eligibility of any person**
12 **for a loan guarantee under the provisions of sections 348.515 to 348.533 shall not be**
13 **determined or otherwise affected by any consideration of that person's race, religion, sex,**
14 **creed, color, or location of residence. The authority may also provide for:**

15 **(1) The requirement or nonrequirement of security or endorsement and the nature**
16 **thereof;**

17 **(2) The manner and time of repayment of the principal and interest;**

- 18 (3) The maximum rate of interest;
19 (4) The right of the borrower to accelerate payments without penalty;
20 (5) The amount of the guaranty charge;
21 (6) The effective period of the guaranty;
22 (7) The percent of the loan, not to exceed fifty percent, covered by the guaranty;
23 (8) The assignability of loans by the lender;
24 (9) Procedures in event of default by the borrower;
25 (10) The due diligence effort on the part of lenders for collection of guaranteed
26 loans;
27 (11) Collection assistance to be provided to lenders; and
28 (12) The extension of the guaranty in consideration of duty in the armed forces,
29 unemployment, natural disasters, or other hardships.

348.533. The authority, by rule, shall determine the policy of collections and
2 recovery of loans, including the use of private collection agencies. The authority may
3 institute action to recover any amount due the state in any loan transaction, use private
4 collection agencies, or otherwise carry out the policy of the authority. The lender making
5 the original loan shall cooperate with the authority in the collection of the loan and shall
6 use its regular collection procedures prior to any action being undertaken by the authority.

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