

HOUSE RESEARCH

Bill Summary

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Authors: Juhnke and others

Subject: Dairy Stabilization loan program

Analyst: Sam Rankin, 651-296-5047

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Section

1 Dairy stabilization loan program.

Subdivision 1. Establishment. Instructs the rural finance authority to establish a no-interest loan program to enable dairy operators to acquire up to six additional milk cows for their herds.

Subd. 2. Definitions. Defines several terms related to the loan program, including "borrower," "dairy operator," and "mature dairy cow."

Subd. 3. Application forms; procedures; limits. Authorizes the Rural Finance Authority to adopt procedures and forms for dairy operators to apply for the no-interest loans. Loans cannot exceed \$1,000 per dairy cow and the term of the loan most not exceed six years. A dairy operator is eligible for only one Dairy Stabilization loan in a lifetime.

Subd. 4. Review of applications. The RFA must decide on the eligibility of an application within 30 days after receipt. The RFA will issue a letter of commitment for approved loans. Ten days after receiving proof that the applicant has purchased up to six cows, the authority must finalize the loan to the dairy operator.

Subd. 5. Repayment of loans. The borrower must repay the principal of the loan within six years on a schedule established by the borrower. The repayment may be a

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single balloon payment on the sixth anniversary of the loan. If a borrower ceases to be eligible for the dairy stabilization loan program the outstanding balance of the loan becomes immediately payable in full.