

HOUSE RESEARCH

Bill Summary

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Overview

Several loan programs operated by the Minnesota Rural Finance Authority provide for the state to participate with local lenders when making loans to eligible farmers. The maximum state participation during the past several years has been 45 percent of the loan principal, up to a dollar cap depending on the specific loan program. House File 2267 increases the maximum dollar amount of state participation in most of the loan programs.

Section

- 1 **Eligibility for beginning farmer loans; net worth.** Current law allows eligibility for a loan if the applicant has a net worth not exceeding a base value of \$200,000 times a multiplier representing the consumer price index adjustments since 1991. The base value amount is amended to \$350,000 and the new base index year is adjusted to 2004.
- 2 **State participation; beginning farmer loan program.** Increases the maximum state participation in a loan under the beginning farmer loan program from \$125,000 to \$200,000.
- 3 **State participation; restructuring loan program.** Increases the maximum state participation share in the loan under the restructuring program from \$150,000 to \$225,000.
- 4 **State participation; seller-sponsored loan program.** Increases the maximum state participation share in a loan under the seller-sponsored loan program from \$125,000 to \$200,000.
- 5 **State participation; agricultural improvement loan program.** Increases the maximum state participation share in a loan under the agricultural improvement loan program from \$125,000 to \$200,000.

Section

- 6 Total net worth limit.** Establishes a net maximum worth of an applicant for the agricultural improvement loan program at a base value of \$350,000 plus an amount in subsequent years adjusted for the consumer price index inflation after 2004.
- 7 State participation; livestock expansion loan program.** Increases the maximum state participation share in a loan under the livestock expansion loan program from \$250,000 to \$275,000.
- 8 State participation; value-added agricultural product stock purchase loan program.** Increases the maximum state participation share in a loan under the value-added agricultural product stock loan program from \$24,000 to \$40,000.
- 9 Low or moderate net worth.** Amends the definition of low or moderate net worth for purposes of the agricultural development program under the Rural Finance Authority (chapter 41C) to reflect net worth value adjustments made in section 1 for other RFA loan programs. As in section 1, the base net worth value is adjusted from \$200,000 to \$350,000 and the base year for inflation adjustments is changed from 1991 to 2004.