

HOUSE RESEARCH

Bill Summary

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Version: As introduced

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Subject: Farm enhancement loan program

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Overview

This bill creates a farm enhancement loan program. Run by the Rural Finance Authority (RFA), the program would provide loans to farmers to purchase, construct or improve dairy buildings. Payments of principal and interest would be deferred for ten years and the loan may be forgiven entirely after ten years if the borrower is still the principal operator of the farm on which the loan-financed expenditures were made.

Section

1 Farm enhancement loan program.

Subd. 1. Establishment. Authorizes the Rural Finance Authority (RFA) to establish and implement a program to help finance the acquisition, construction, or improvement of dairy buildings.

Subd. 2. Eligibility. Requires a borrower to be the principal operator of the dairy farm and either a resident of Minnesota or a domestic family farm corporation or a family farm partnership. Limits eligible loan uses.

Subd. 3. Loan specifications; forgiveness. Limits the loan amount to the lower of 25 percent of eligible expenditures or \$50,000. Authorizes a ten-year deferral on loan payments as long as the borrower or borrower's family remain the principal farm operator. If the borrower or the borrower's immediate family is still the principal operator after this ten-year period, the loan is forgiven. If the borrower ceases to be

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the principal operator during the loan period, the loan is immediately payable in full with interest.

Subd. 4. Application and origination fees. Sets initial fees and allows the RFA to adjust annually, as needed.

Subd. 5. Revolving fund. Establishes a revolving fund in the state treasury.

2 Appropriation. \$1,500,000 from the general fund to the commissioner of agriculture. Money is available until June 30, 2007.

3 Effective date. Sections 1 and 2 effective the day following final enactment.