Overview

Some farmers are interested in converting a portion of their agricultural acres to the production of fast-growing trees. The growth and harvest cycle for these trees is typically 8 to 12 years. The agroforestry loan program will provide financing to local producer cooperatives to help finance the first 10 years of the production cycle. The loan program is financed, initially, by a $5,000,000 general fund appropriation.

1 Agroforestry loan program.

Subd. 1. Purpose. Identifies the purpose of the loan program as a means of transitioning traditional agricultural producers to the multi-year production of agroforestry products.

Subd. 2. Authority. Authorizes the commissioner of agriculture to implement a program of loans to producer cooperatives whose members will establish and maintain plots for agroforestry.

Subd. 3. Definitions. Defines terms including "agroforestry cooperative," "borrower," and "lender agreement."

Subd. 4. Application. Instructs the commissioner of agriculture to prepare forms and an application process for the agroforestry loan program.

Subd. 5. Payments. Establishes a reimbursement funding schedule with participating cooperatives. Provides sanctions for cooperatives that fail to make timely draw-downs of allocated funds.

Subd. 6. Loan amounts. Establishes the maximum loan amounts for borrowers, including a limit of the planting and maintenance expense for 40 acres.

Subd. 7. Authority of agroforestry cooperatives. Establishes the allowable arrangements between an agroforestry cooperative and various other funders or associates.

Subd. 8. Borrower eligibility; terms, repayment, recission. Details terms of agreements
between applicant farmers, cooperatives, and the commissioner.

**Subd. 9. Data privacy.** Indicates that certain data on applicants is private data on individuals.

**Subd. 10. Establishment of account.** Establishes the agroforestry revolving fund in the state treasury.

**Subd. 11. Fees and interest.** No fees or interest can be charged on the loans.

**Subd. 12. Report.** The commissioner is to report to the legislature in October of each odd-numbered year.

**Subd. 13. Liens against property.** Loans from a cooperative to a borrower constitute a lien on the real property where the trees are planted, in addition to other securities.

Appropriation; agroforestry. Appropriates $5,000,000 from the general fund to the commissioner of agriculture for the agroforestry revolving loan fund.