

Subject Agricultural loans
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Overview

This bill would modify the Methane Digester Loan Program administered by the Rural Finance Authority (RFA). It would allow a borrower to receive more than one loan and to use a loan to improve an existing methane digester.

For purposes of this program, a methane digester is a system that utilizes manure to produce electricity. Combustible methane gas is produced when microorganisms break down the manure in the absence of oxygen. The gas is converted to electricity through a generator or other device.

Under current law, these are revolving, no-interest loans. The RFA may issue these loans directly to borrowers or partner with private lenders. If the RFA issues the loan directly, the principal is capped at \$250,000. If RFA partners with a private lender, the state's share of the loan is limited to the lesser of \$250,000 or 45 percent of the total principal amount. The borrower cannot use the loan proceeds to refinance existing debt.