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HOUSE FILE NO. 274

FIRST COMMITTEE ENGROSSMENT

January 22, 2007

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The bill was read for the first time and referred to the Committee on Finance

Referred by Chair to Agriculture, Rural Economies and Veterans Affairs Finance Division.

February 21, 2007

Returned to the Committee on Finance as Amended.

1.1 A bill for an act
1.2 relating to the Rural Finance Authority; providing for sale of bonds; appropriating
1.3 money.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **RURAL FINANCE AUTHORITY.**

1.6 Subdivision 1. **Appropriation.** \$50,000,000 is appropriated from the bond proceeds
1.7 fund for the purposes set forth in the Minnesota Constitution, article XI, section 5, clause
1.8 (h), to the Rural Finance Authority to purchase participation interests in or to make direct
1.9 agricultural loans to farmers under Minnesota Statutes, chapter 41B. This appropriation is
1.10 for the beginning farmer program under Minnesota Statutes, section 41B.039; the loan
1.11 restructuring program under Minnesota Statutes, section 41B.04; the seller-sponsored
1.12 program under Minnesota Statutes, section 41B.042; the agricultural improvement loan
1.13 program under Minnesota Statutes, section 41B.043; and the livestock expansion loan
1.14 program under Minnesota Statutes, section 41B.045. All debt service on bond proceeds
1.15 used to finance this appropriation must be repaid by the Rural Finance Authority under
1.16 Minnesota Statutes, section 16A.643. Loan participations must be priced to provide full
1.17 interest and principal coverage and a reserve for potential losses. Priority for loans must
1.18 be given first to basic beginning farmer loans; second, to seller-sponsored loans; and
1.19 third, to agricultural improvement loans.

1.20 Subd. 2. **Bond sale.** To provide the money appropriated in this section from the
1.21 bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in
1.22 an amount up to \$50,000,000 in the manner, upon the terms, and with the effect prescribed

2.1 by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution,
2.2 article XI, sections 4 to 7.

2.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.