

HOUSE BILL No. 2103

AN ACT concerning the Kansas agricultural production loan deposit program; amending K.S.A. 2000 Supp. 75-4271 and 75-4272 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2000 Supp. 75-4271 is hereby amended to read as follows: 75-4271. (a) The state treasurer is hereby authorized to disseminate information and to provide agricultural production loan deposit loan packages to the lending institutions eligible for participation in this act.

(b) The agricultural production loan deposit loan package shall be completed by the borrower before being forwarded to the lending institution for consideration.

(c) (1) An eligible lending institution that agrees to receive an agricultural production loan deposit shall accept and review applications for loans from eligible agricultural borrowers. The lending institution shall apply all usual lending standards to determine the credit worthiness of eligible agricultural borrowers. No single agricultural production loan deposit loan shall exceed \$250,000. The total aggregate amount of agricultural production loan deposit loans under this program shall not exceed ~~\$50,000,000~~ \$55,000,000 of unencumbered funds pursuant to article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto.

(2) To be eligible to obtain an agricultural production loan, an eligible agricultural borrower must have a debt-to-asset ratio of 40% or greater.

(3) Only one agricultural production loan deposit loan shall be made and be outstanding at any one time to any agricultural borrower.

(4) No loan shall be amortized for a period of more than eight years.

(d) An eligible agricultural borrower shall certify on its loan application that the reduced rate loan will be used exclusively for the operating expenses involved in farming.

(e) The eligible lending institution may approve or reject an agricultural production loan deposit loan package based on the lending institution's evaluation of the eligible agricultural borrowers included in the package, the amount of the individual loan in the package and other appropriate considerations.

(f) The eligible lending institution shall forward to the state treasurer, an approved agricultural production loan deposit loan package, in the form and manner prescribed and approved by the state treasurer. The package shall include information regarding the amount of the loan requested by each eligible agricultural borrower and such other information regarding each eligible agricultural borrower the state treasurer requires, including a certification by the applicant that such applicant is an eligible agricultural borrower.

Sec. 2. K.S.A. 2000 Supp. 75-4272 is hereby amended to read as follows: 75-4272. (a) The state treasurer may accept or reject an agricultural production loan deposit loan package based on the state treasurer's evaluation of whether the loan to the eligible agricultural borrower meets the purposes of this act. If sufficient funds are not available for an agricultural production loan deposit, then the applications may be considered in the order received when funds are once again available subject to a review by the lending institution.

(b) Upon acceptance, the state treasurer shall certify to the director of investments the amount required for such agricultural production loan deposit loan package and the director of investments shall place an agricultural production loan deposit in the amount certified by the state treasurer with the eligible lending institution at an interest rate, which is 2% below the market rate provided in K.S.A. 75-4237, and amendments thereto, and which shall be recalculated on the first business day of *January and July* of each ~~calendar~~ year using the market rate then in effect. When necessary, the state treasurer may request the director of investments to place such agricultural production loan deposit prior to acceptance of an agricultural production loan deposit loan package.

(c) The eligible lending institution shall enter into an agricultural production loan deposit agreement with the state treasurer, which shall include requirements necessary to implement the purposes of the Kansas agricultural production loan deposit program. Such requirements shall include an agreement by the eligible lending institution to lend an amount equal to the agricultural production loan deposit to eligible agricultural borrowers at an interest rate which is not more than 2% above the market rate as determined under K.S.A. 75-4237, and amendments thereto, and

which shall be recalculated on the first business day of *January and July of each calendar* year using the market rate then in effect. The agreement shall include provisions for the agricultural production loan deposit to be placed for a maturity considered appropriate in coordination with the underlying agricultural production loan. The agreement shall include provisions for the reduction of the agricultural production loan deposit in an amount equal to any payment of loan principal by the eligible agricultural borrower.

Sec. 3. K.S.A. 2000 Supp. 75-4271 and 75-4272 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

HOUSE concurred in
SENATE amendments _____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.