

HOUSE BILL No. 2055

AN ACT concerning agriculture; relating to agricultural production loan deposit agreements; interest rate; amending K.S.A. 2002 Supp. 75-4272 and repealing the existing section.

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

Section 1. K.S.A. 2002 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 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~~ 4% greater than the interest rate on agricultural production loan deposits as provided in subsection (b), except that for agricultural production loans made commencing on the effective date of this act and ending June 30, 2003, such interest rate shall be 4%. Such rate shall be recalculated on the first business day of January and July of each 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. 2. K.S.A. 2002 Supp. 75-4272 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the Kansas register.

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

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.