

# Senate Study Bill 2213

## Bill Text

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1 1 Section 1. Section [12.32](#), Code Supplement 1997, is amended  
1 2 by adding the following new subsection:

1 3 NEW SUBSECTION. 4. "Qualified linked investment" means a  
1 4 linked investment in which a certificate of deposit is placed  
1 5 by the treasurer of state with an eligible lending institution  
1 6 under the value-added agricultural linked investment program  
1 7 established under section 12.42.

1 8 Sec. 2. Section [12.34](#), Code Supplement 1997, is amended to  
1 9 read as follows:

1 10 12.34 LINKED INVESTMENTS LIMITATIONS RULES  
1 11 MATURITY AND RENEWAL OF CERTIFICATES.

1 12 1. The treasurer of state may invest up to the lesser of  
1 13

~~—sixty eight~~

~~— one hundred eight million dollars or ten percent~~

1 14 of the balance of the state pooled money fund in certificates  
1 15 of deposit in eligible lending institutions pursuant to this  
1 16 division. The treasurer of state shall allocate forty million  
1 17 dollars of the amount authorized for investment under this  
1 18 subsection for purposes of supporting the value-added  
1 19 agricultural linked investment program established in section  
1 20 12.42. The treasurer of state shall provide for the security  
1 21 of the deposits made to eligible lending institutions as  
1 22 provided in chapter 12C.

1 23 2. The treasurer of state shall adopt rules pursuant to  
1 24 chapter 17A to administer this division.

1 25 3. The following shall apply to a certificate of deposit,  
1 26 which is placed with an eligible lending institution by the  
1 27 treasurer of state pursuant to this division:

1 28 a.

~~—Certificates~~

~~— A certificate of deposit, which is not~~

1 29 part of a qualified linked investment, placed by the treasurer  
1 30 of state with an eligible lending institution on or after July  
1 31 1, 1996,

~~—pursuant to this division~~

~~— may be renewed at the~~

1 32 option of the treasurer. The initial certificate of deposit  
1 33 for a given borrower shall have a maturity of one year and may  
1 34 be renewed for eight additional one-year periods.

1 35 b. A certificate of deposit which is part of a qualified  
2 1 linked investment placed by the treasurer of state with an  
2 2 eligible lending institution shall have a maturity of up to  
2 3 eighteen months. The certificate of deposit may be renewed at  
2 4 the option of the treasurer on an annual basis for a total  
2 5 term not to exceed nine years.

2 6 Sec. 3. NEW SECTION. 12.42 VALUE-ADDED AGRICULTURAL  
2 7 LINKED INVESTMENT PROGRAM.

2 8 1. The treasurer of state shall establish and administer,  
2 9 and adopt rules as necessary to establish and administer, a  
2 10 value-added agricultural linked investment program. The  
2 11 purpose of the program is to provide capital in the form of  
2 12 low-interest loans in order to do any of the following:

2 13 a. Stimulate existing businesses or encourage the  
2 14 establishment of new businesses that add value through the  
2 15 processing of agricultural commodities.  
2 16 b. Encourage the production of agricultural commodities,  
2 17 if a shortage in production exists.  
2 18 2. A borrower shall be eligible to participate in the  
2 19 value-added agricultural linked investment program, to the  
2 20 extent that the borrower meets eligibility requirements  
2 21 established by the treasurer of state in cooperation with the  
2 22 department of economic development as provided in section  
2 23 15.204.

2 24 3. A borrower shall not receive a loan of more than one  
2 25 million dollars under this program.

2 26 Sec. 4. NEW SECTION. 15.204 VALUE-ADDED AGRICULTURAL  
2 27 LINKED INVESTMENT PROGRAM.

2 28 The agricultural products advisory council established in  
2 29 section 15.203 shall recommend to the treasurer of state and  
2 30 the department of economic development eligibility requirements  
2 31 for borrowers to participate in the value-added agricultural  
2 32 linked investment program established in section 12.42. The  
2 33 treasurer of state, in cooperation with the department, shall  
2 34 establish the eligibility requirements by rule adopted  
2 35 pursuant to chapter 17A.

#### 3 1 EXPLANATION

3 2 This bill amends the "Linked Investments for Tomorrow Act",  
3 3 by providing for qualified linked investments in which the  
3 4 treasurer of state places a certificate of deposit with an  
3 5 eligible lending institution at a certain interest rate on the  
3 6 condition that the institution agrees to lend the value of the  
3 7 deposit to an eligible borrower at a special rate. The moneys  
3 8 must be used to support a value-added agricultural linked  
3 9 investment program administered by the treasurer of state.

3 10 The purpose of the program is to provide capital in the  
3 11 form of low-interest loans in order to stimulate existing or  
3 12 to encourage new businesses that add value through the  
3 13 processing of agricultural commodities and to encourage the  
3 14 production of agricultural commodities, if there is a shortage  
3 15 in production.

3 16 The agricultural products advisory council is required to  
3 17 recommend requirements to the treasurer of state and the  
3 18 department of economic development to establish eligibility  
3 19 requirements.

3 20 This bill increases the amount of moneys that the treasurer  
3 21 of state may invest in the linked investment program from \$68  
3 22 million to \$108 million. The treasurer of state is prohibited  
3 23 from depositing more than 10 percent of the balance of the  
3 24 state pooled money fund in certificates of deposit in eligible  
3 25 lending institutions pursuant to this division of Code chapter  
3 26 12. The bill provides that the treasurer of state must  
3 27 allocate \$40 million for purposes of supporting the value-  
3 28 added agricultural linked investment program. A borrower is  
3 29 not eligible to receive more than \$1 million in program  
3 30 assistance. The bill provides that an initial certificate of  
3 31 deposit which is part of a qualified linked investment placed  
3 32 with an eligible lending institution has a maturity of up to  
3 33 18 months. It may be renewed at the option of the treasurer  
3 34 of state each year for nine years.

3 35 LSB 4404XC 77

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