

House Study Bill 78

Bill Text

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1 1 Section 1. Section [12.34](#), Code 1999, is amended to read as
1 2 follows:
1 3 12.34 LINKED INVESTMENTS LIMITATIONS RULES
1 4 MATURITY AND RENEWAL OF CERTIFICATES.
1 5 1. The treasurer of state may invest up to the lesser of
1 6

~~sixty eight~~
- one hundred fifty million dollars or ten percent
1 7 of the balance of the state pooled money fund in certificates
1 8 of deposit in eligible lending institutions

~~pursuant to~~
- as
1 9 provided in this division. The moneys invested pursuant to
1 10 this section shall be used as follows:
1 11 a. The treasurer of state may invest the first sixty-eight
1 12 million dollars to support programs provided in this division
1 13 other than the emergency assistance linked investment program
1 14 for swine producers provided in section 12.43A.
1 15 b. The treasurer of state shall invest the remaining
1 16 amount to support the emergency assistance linked deposit
1 17 program for swine producers as provided in section 12.43A.
1 18 The treasurer of state shall not make the investment unless a
1 19 market emergency exists. If a market emergency exists, the
1 20 treasurer of state shall make the investment immediately. For
1 21 purposes of this paragraph, a market emergency exists when the
1 22 market price paid in this state and southern Minnesota for
1 23 swine per hundredweight on a live basis is less than thirty
1 24 dollars for thirty consecutive days, according to market news
1 25 reports published by the agricultural marketing service of the
1 26 United States department of agriculture.

1 27 2. The treasurer of state shall adopt rules pursuant to
1 28 chapter 17A to administer this division.

1 29 3. Certificates of deposit placed by the treasurer of
1 30 state on or after July 1, 1996, pursuant to this division may
1 31 be renewed at the option of the treasurer of state. The
1 32 initial certificate of deposit for a given borrower shall have
1 33 a maturity of one year and may be renewed for eight additional
1 34 one-year periods.

1 35 Sec. 2. NEW SECTION. 12.43A EMERGENCY ASSISTANCE LINKED
2 1 DEPOSIT PROGRAM FOR SWINE PRODUCERS.

2 2 1. As used in this section, unless the context otherwise
2 3 requires:

2 4 a. "Actively engaged in farming" means the same as defined
2 5 in section 9H.1.

2 6 b. "Farming" means the same as defined in section 9H.1.

2 7 2. The treasurer of state shall adopt rules to implement
2 8 an emergency assistance linked deposit program for swine
2 9 producers. The purpose of the program is to increase the
2 10 availability of lower cost loans to provide emergency
2 11 financial assistance to farmers threatened with financial
2 12 calamity due to the market price of swine.

2 13 3. The loan shall be subject to all of the following:

2 14 a. In order to qualify as an eligible borrower, all of the
2 15 following must apply:

2 16 (1) The applicant must be a resident of this state.
2 17 (2) The applicant for the loan must be actively engaged in
2 18 farming in this state.
2 19 (3) The applicant must not have owned more than two
2 20 hundred head of sows at any time during the last twelve
2 21 months.
2 22 (4) The applicant must not have provided for the care and
2 23 feeding of swine under contract.
2 24 b. The purpose of the loan must be used to support farming
2 25 operations on an emergency basis, and may be used to refinance
2 26 existing debt.
2 27 4. The maximum loan amount that an eligible borrower may
2 28 receive under this program is one hundred thousand dollars.
2 29 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
2 30 immediate importance, takes effect upon enactment.

2 31 EXPLANATION

2 32 This bill amends Code section 12.34, which establishes the
2 33 funding source for linked investment loan programs. Under the
2 34 section, the treasurer of state may invest up to \$68 million
2 35 or 10 percent of the balance of the state pooled money fund in
3 1 certificates of deposit in eligible financial institutions for
3 2 purposes of supporting low-interest loans.

3 3 This bill increases the amount that the treasurer of state
3 4 may invest up to \$150 million. The amount of the increase
3 5 must be used to support an emergency assistance linked deposit
3 6 program for swine producers. The treasurer of state cannot
3 7 make an investment to support the program unless a market
3 8 emergency exists. If a market emergency exists, the treasurer
3 9 of state shall make the investment immediately. The bill
3 10 provides that a market emergency is based on the market price
3 11 paid in this state and southern Minnesota for swine per
3 12 hundredweight on a live basis.

3 13 The bill requires the treasurer of state to adopt rules to
3 14 implement the program. The purpose of the program is to
3 15 increase the availability of lower cost loans to provide
3 16 emergency financial assistance to swine producers threatened
3 17 with financial calamity due to the market price of swine. The
3 18 bill establishes eligibility requirements for borrowers and
3 19 provides that the loan must be used to support farming
3 20 operations on an emergency basis and may be used to refinance
3 21 existing debt. According to the bill, the maximum loan amount
3 22 that an eligible borrower may receive is \$100,000.

3 23 The bill takes effect upon enactment.

3 24 LSB 2059HC 78

3 25 da/sc/14