

Senate Study Bill 1127

Bill Text

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1 1 Section 1. Section [12.32](#), Code 1999, is amended by adding
1 2 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 1999, is amended to read as
1 9 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.
2 22 3. A borrower shall not receive a loan of more than five
2 23 hundred thousand dollars under this program.

2 24 Sec. 4. NEW SECTION. 15.204 VALUE-ADDED AGRICULTURAL
2 25 LINKED INVESTMENT PROGRAM.

2 26 The agricultural products advisory council established in
2 27 section 15.203, in cooperation with the department of economic
2 28 development, shall recommend to the treasurer of state
2 29 eligibility requirements for borrowers to participate in the
2 30 value-added agricultural linked investment program established
2 31 in section 12.42. The treasurer of state shall establish the
2 32 eligibility requirements by rule adopted pursuant to chapter
2 33 17A.

2 34 EXPLANATION

2 35 This bill amends the "Linked Investments for Tomorrow Act",
3 1 by providing for qualified linked investments in which the
3 2 treasurer of state places a certificate of deposit with an
3 3 eligible lending institution at a certain interest rate on the
3 4 condition that the institution agrees to lend the value of the
3 5 deposit to an eligible borrower at a special rate. The moneys
3 6 must be used to support a value-added agricultural linked
3 7 investment program administered by the treasurer of state.

3 8 The purpose of the program is to provide capital in the
3 9 form of low-interest loans in order to stimulate existing or
3 10 to encourage new businesses that add value through the
3 11 processing of agricultural commodities and to encourage the
3 12 production of agricultural commodities, if there is a shortage
3 13 in production.

3 14 The agricultural products advisory council, in cooperation
3 15 with the department of economic development, is required to
3 16 recommend program eligibility requirements to the treasurer of
3 17 state.

3 18 The bill increases the amount of moneys that the treasurer
3 19 of state may invest in the linked investment program from \$68
3 20 million to \$108 million. The treasurer of state is prohibited
3 21 from depositing more than 10 percent of the balance of the
3 22 state pooled money fund in certificates of deposit in eligible
3 23 lending institutions pursuant to this division of Code chapter
3 24 12.

3 25 The bill provides that the treasurer of state must allocate
3 26 \$40 million for purposes of supporting the value-added
3 27 agricultural linked investment program. A borrower is not
3 28 eligible to receive more than \$500,000 in program assistance.
3 29 The bill provides that an initial certificate of deposit which
3 30 is part of a qualified linked investment placed with an
3 31 eligible lending institution has a maturity of up to 18
3 32 months. It may be renewed at the option of the treasurer of
3 33 state each year for nine years.

3 34 LSB 1577XL 78

3 35 da/sc/14.2