

Chapter 67

2020 Regular Session

Subject Agricultural loans

Analyst Colbey Sullivan

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Summary

This act directs Minnesota Management and Budget (MMB) to borrow \$50,000,000 from the bond market and appropriates the proceeds to the Rural Finance Authority (RFA) to purchase participating interests in loans issued by private lenders or to make direct loans to farmers under the RFA's Beginning Farmer, Loan Restructuring, Seller-Sponsored, Agricultural Improvement, and Livestock Expansion loan programs.

This act also directs MMB to borrow an additional \$50,000 and appropriates the proceeds to MMB to offset the agency's bond-sale expenses.

As required in the act, farmer payments of principle and interest under these RFA loan programs must be sufficient to pay the state's debt service on the bonds, plus a reserve for potential losses.

The RFA is the state's main agricultural lending arm. Although the RFA has legal authority to issue loans directly, it typically partners with private agricultural lenders to provide favorable financing opportunities for eligible farmers.

This act took effect on March 18, 2020, the day after Governor Tim Walz signed it into law.