

SECOND REGULAR SESSION

# SENATE BILL NO. 1178

92ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR KLINDT.

Read 1st time January 29, 2004, and ordered printed.

TERRY L. SPIELER, Secretary.

3697S.02I

## AN ACT

To repeal sections 348.406, 348.410, and 348.412, RSMo, and to enact in lieu thereof three new sections relating to the agricultural business development loan program.

*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Sections 348.406, 348.410, and 348.412, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 348.406, 348.410, and 348.412, to read as follows:

348.406. 1. The authority, upon application, may issue certificates of guaranty covering a first loss guarantee up to but not more than [twenty-five] **fifty** percent of the loan on a declining principal basis for loans to eligible borrowers, executing a note or other evidence of a loan made for the purpose of an agricultural business development loan, but not to exceed the amount of two hundred fifty thousand dollars for any eligible borrower and to pay from the fund to an eligible lender up to [twenty-five] **fifty** percent of the amount on a declining principal basis of any loss on any guaranteed loan made pursuant to the provisions of sections 348.400 to 348.415, in the event of default on the loan. Upon payment on the guarantee, the authority shall be subrogated to all the rights of the eligible lender.

2. The authority shall charge for each guaranteed loan a one-time participation fee of one percent which shall be collected by the eligible lender at the time of closing and paid to the authority. In addition, the authority may charge a special loan guarantee fee of up to one percent per annum of the outstanding principal which shall be collected from the eligible borrower by the eligible lender and paid to the authority.

3. All moneys paid to satisfy a defaulted guaranteed loan shall only be paid out of the fund.

4. The total outstanding guaranteed loans shall at no time exceed an amount which, according to sound actuarial judgment, would allow immediate redemption of [forty] **twenty**

**EXPLANATION--Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

percent of the outstanding loans guaranteed by the fund at any one time.

348.410. 1. There is hereby created in the state treasury the "Agricultural Product Utilization Business Development Loan Program Fund". The fund shall consist of money appropriated to it by the general assembly and investment income on the fund. Notwithstanding the provisions of section 33.080, RSMo, no portion of the fund shall be transferred to the general revenue fund. The money in the program fund shall be used, upon appropriation, for purposes established pursuant to sections 348.400 to 348.415 and for no other purpose. Moneys necessary for this program may be transferred to this program fund from the fund established pursuant to section 348.408.

2. For purposes of this section, the department of agriculture shall, as part of the program administration, establish market promotion activities that assist grant recipients and loan applicants in the planning and marketing of value-added products. The department of agriculture is specifically authorized to employ qualified individuals to fulfill such duties.

3. The department of agriculture shall promote products derived from development facilities and renewable fuel production facilities as defined in section 348.430.

348.412. 1. Eligible borrowers:

(1) Shall use the proceeds of the agricultural business development loan to acquire agricultural property; and

(2) May not finance more than ninety percent of the anticipated cost of the project through the agricultural business development loan.

2. The project shall have opportunities to succeed in the development, expansion and operation of businesses involved in adding value to, marketing, exporting, processing, or manufacturing agricultural products that will benefit the state economically and socially through direct or indirect job creation or job retention.

3. The authority shall promulgate rules establishing eligibility pursuant to the provisions of sections 348.400 to 348.415, taking into consideration:

(1) The eligible borrower's ability to repay the agricultural business development loan;

(2) The general economic conditions of the area in which the agricultural property will be located;

(3) The prospect of success of the particular project for which the loan is sought; and

(4) Such other factors as the authority may establish.

4. The authority may promulgate rules to provide for:

(1) The requirement or nonrequirement of security or endorsement and the nature thereof;

(2) The manner and time of repayment of the principal and interest;

(3) The maximum rate of interest;

(4) The right of the eligible borrower to accelerate payments without penalty;

(5) The amount of the guaranty charge;

- (6) The effective period of the guaranty;
- (7) The percent of the agricultural business development loan, not to exceed [twenty-five] **fifty** percent, covered by the guaranty;
- (8) The assignability of agricultural business development loans by the eligible lender;
- (9) Procedures in the event of default on an agricultural business development loan;
- (10) The due diligence effort on the part of eligible lenders for collection of guaranteed loans;
- (11) Collection assistance to be provided to eligible lenders; and
- (12) The extension of the guaranty in consideration of duty in the armed forces, unemployment, natural disasters, or other hardships.

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