

STATE OF OKLAHOMA

1st Session of the 44th Legislature (1993)  
COMMITTEE SUBSTITUTE FOR  
HOUSE BILL NO. 1496

By: Lucas

COMMITTEE SUBSTITUTE

An Act relating to agriculture and state government; creating the Oklahoma Beginning Agricultural Producer Pool Act; providing short title; imposing duties on the Oklahoma Development Finance Authority; setting eligibility standards; stating powers and duties of the Department of Agriculture; providing for public information; authorizing certain interagency agreements; amending 62 O.S. 1991, Section 695.24, which relates to various pools; reserving part of state ceiling for agricultural production purposes; setting certain limitation; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5063.21 of Title 74, unless there is created a duplication in numbering, reads as follows:

Sections 1 through 4 of this act shall be known and may be cited as the "Oklahoma Beginning Agricultural Producer Pool Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5063.22 of Title 74, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Development Finance Authority shall establish, develop criteria for and implement a program for participation in the Beginning Agricultural Producer Pool providing for in Section 695.24 of Title 62 of the Oklahoma Statutes.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5063.23 of Title 74, unless there is created a duplication in numbering, reads as follows:

To be eligible for the Beginning Agricultural Producer Pool provided for in Section 695.24 of Title 62 of the Oklahoma Statutes, a borrower must:

1. Be a resident of Oklahoma;
2. Be, or one of the borrowers must be, the principal operator of the farm;
3. Have sufficient education, training or experience in the type of farming for which the loan is desired;
4. Have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than Two Hundred Thousand Dollars (\$200,000.00) in 1992 and an amount in subsequent years determined by multiplying Two Hundred Thousand Dollars (\$200,000.00) by the cumulative inflation rate in years subsequent to 1992 as determined by the United States All-Items Consumer Price Index;
5. Demonstrate a need for the loan;
6. Demonstrate an ability to repay the loan;
7. Certify that the agricultural land to be purchased will be used by the borrower for agricultural purposes;
8. Certify that farming will be the principal occupation of the borrower;
9. Agree to participate in a farm management program approved by the Commissioner of Agriculture for at least the first five (5) years of the loan, if an approved program is available within forty-five (45) miles from the borrower's residence;
10. Agree to file an approved soil and water conservation plan with the soil conservation service office in the county where the land is located;
11. Agree that the original principal amount of funding pursuant to this act shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00); and
12. Meet such other requirements as deemed necessary by the Oklahoma Development Finance Authority.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5063.24 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. The Department of Agriculture shall provide for the publication and statewide distribution to the public of information regarding the Beginning Agricultural Producer Pool Program provided for in Section 2 of this act.

B. The Department of Agriculture and the Oklahoma Development Finance Authority may enter into interagency agreements necessary to implement the provisions of the Oklahoma Beginning Agricultural Producer Pool Act.

SECTION 5. AMENDATORY 62 O.S. 1991, Section 695.24, is amended to read as follows:

Section 695.24 A. 1. Twenty-five percent (25%) of the state ceiling shall be reserved and placed in a pool to be designated the Qualified Small Issue Pool.

2. For the period commencing January 1 through September 1 of each calendar year, the Qualified Small Issue Pool shall be allocated to qualified small issue bond projects undertaken by either state or local issuers. Allocations will be available to issuers on a first-come, first-serve basis.

3. If the federal law sunset on qualified small issue bonds is not extended to permit issuance of qualified small issue bonds pursuant to federal law after December 31, 1990, the twenty-five percent (25%) set aside pool reserved for qualified small issues shall be discontinued with the reserved amount allocated thirty percent (30%) to the State Issuer Pool and seventy percent (70%) to the Local Issuer Pool.

B. 1. Ten percent (10%) of the state ceiling shall be reserved and placed in a pool to be designated the Beginning Agricultural Producer and Exempt Facility Pool Pools.

2. For the period commencing January 1 through September 1 of each calendar year, the ~~Exempt Facility~~ Beginning Agricultural Producer Pool shall be allocated pursuant to the criteria established in Section 3 of this act according to a ratio of fifty percent (50%) of the total amount allocated for the combined purposes, not to exceed Five Million Dollars (\$5,000,000.00), the remainder to be allocated to exempt facility bonds issued by

either state or local issuers. Allocations will be available to issuers on a first-come, first-serve basis.

C. 1. For the calendar years 1990 and 1991, fifteen percent (15%) of the state ceiling shall be reserved and placed in a pool to be designated the Student Loan Pool. Beginning January 1, 1992, twenty percent (20%) of the state ceiling shall be reserved and placed in a pool to be designated the Student Loan Pool. Provided, for any given year the amount of state ceiling reserved shall be reduced by the amount of any existing carryforward issuance authority available to student loan bond issuers.

2. For the period commencing January 1 through September 1 of each calendar year, the Student Loan Pool shall be allocated to qualified student loan bonds issued by eligible state issuers. Allocations will be available to issuers on a first-come, first-serve basis.

D. 1. From the balance of the state ceiling, thirty percent (30%) shall be reserved and placed in a pool to be designated the State Issuer Pool. For the period commencing January 1 of each calendar year through September 1 of the same year, the State Issuer Pool shall be allocated to those projects undertaken by state issuers on a first-come, first-serve basis. Provided, no single state issuer or project shall receive an allocation in excess of Twenty Million Dollars (\$20,000,000.00) from the State Issuer Pool.

2. Notwithstanding the provisions of this section, a state issuer specifically limited in jurisdiction to one county shall be treated as a local issuer for the purposes of allocation.

E. From the balance of the state ceiling, seventy percent (70%) shall be reserved and placed in a pool to be designated the Local Issuer Pool. For the period commencing January 1 of each calendar year through September 1 of the same year, the Local Issuer Pool shall be allocated to those projects undertaken by local issuers on a first-come, first-serve basis. Provided, except for local issuers which have a population in excess of three hundred thousand (300,000), no single local issuer or project shall receive an allocation in excess of Ten Million

Dollars (\$10,000,000.00) from the Local Issuer Pool. No single local issuer which has a population in excess of three hundred thousand (300,000), shall receive an allocation in excess of Fifteen Million Dollars (\$15,000,000.00) from the Local Issuer Pool. No more than two Fifteen-Million-Dollar allocations shall be made to local issuers in a calendar year from the Local Issuer Pool.

F. Allocations of the state ceiling for the period commencing January 1 through September 1 of each calendar year for qualified small issue bonds and qualified student loan bonds may be made only from the respective pools reserved for these types of private activity bonds. Provided, small issue bonds may be funded from the State Issuer Pool or the Local Issuer Pool at such time as all the issuance authority in the Qualified Small Issue Pool has been allocated. Allocations of the state ceiling for the same period for exempt facility bonds may be made from the Exempt Facility Pool, the State Issuer Pool and the Local Issuer Pool; provided, no single issuer or project during any calendar year shall receive an allocation in excess of Twenty-five Million Dollars (\$25,000,000.00) from the three pools combined. The state ceiling for each calendar year shall be allocated within the categories set forth in subsections A, B, C, D and E of this section to all private activity bonds, as follows:

1. Except as hereinafter provided, the state ceiling shall be allocated in the order in which confirmations are issued;

2. The State Bond Advisor shall issue confirmations in the order in which fully and properly completed applications for state ceiling allocation are received. The State Bond Advisor shall have the limited authority to defer or deny confirmation on applications for state ceiling allocation which appear to be incomplete or premature based upon information submitted or which fail to show demand for funds pursuant to subsections F and G of Section 5 of this act; and

3. The State Bond Advisor shall have no discretionary control regarding the issuance of confirmations, except as specifically provided in the Oklahoma Private Activity Bond Allocation Act.

In the event a confirmation or application is denied, the State Bond Advisor, within five (5) business days following such denial, shall send written notice of such denial to the applicant together with a brief recital of the reason therefor.

G. On September 2 of each calendar year, nonallocated sums remaining in the Qualified Small Issue Pool, the Exempt Facility Pool, the Student Loan Pool, the State Issuer Pool and the Local Issuer Pool shall be consolidated into the Consolidated Pool. All local issuers and state issuers shall be entitled to obtain allocations from the Consolidated Pool for any private activity bond or mortgage credit certificate program based on the following system:

1. Allocations shall be made first to issuers based on the chronological order of completed applications received prior to September 2 of each calendar year who have not received an allocation; provided, seventy-five percent (75%) of the Consolidated Pool shall be allocated first to issuers in this category; provided further, except for issuers which have a population in excess of three hundred thousand (300,000), no single issuer or project shall receive an allocation in excess of Ten Million Dollars (\$10,000,000.00). No single local issuer which has a population in excess of three hundred thousand (300,000), shall receive an allocation in excess of Fifteen Million Dollars (\$15,000,000.00);

2. From the remaining issuance authority, allocations shall be made to issuers based on the chronological order of applications received prior to September 2 of each calendar year who received a partial allocation of a requested allocation, provided said initial allocation was less than the lesser of fifty percent (50%) of the requested allocation or Ten Million Dollars (\$10,000,000.00); provided further, the total amount of allocations from the Consolidated Pool and all other pools shall not exceed Ten Million Dollars (\$10,000,000.00); and

3. From the remaining issuance authority, allocations shall be made to issuers based on the chronological order of completed

applications received from September 2 through November 30 of each calendar year.

H. Any private activity bonds issued or mortgage credit certificate elections filed with the Internal Revenue System pursuant to any other system of allocation prior to the effective date of this act, notification of the issuance of which shall have been filed by the issuer or his agent with the State Bond Advisor on or before the tenth day after the effective date of this act, shall not be subject to the provisions of the Oklahoma Private Activity Bond Allocation Act. In addition the amount of the state ceiling shall be reduced by the amount of any such bonds issued or elections filed. In the instance of issuers or their agents who fail to meet the notification requirement as provided for in this section, the issuers' counsel underwriter and financial advisor, as the case may be, shall each be subject to the assessment of a fine of up to Ten Thousand Dollars (\$10,000.00) for each such failure.

I. Private Activity Bonds subject to the volume ceiling sold and closed prior to enactment of this act or Mortgage Credit Certificate elections filed prior to enactment of this act pursuant to any other system governing allocation of the state's Private Activity volume ceiling under federal law shall be charged, to the extent possible, to the Qualified Small Issue and Student Loan Pools, Exempt Facility Pool, and Local and State Issuer Pools established pursuant to this act as though this act were effective on January 2, 1990. Exempt facility bonds issued and closed prior to enactment of this act shall be charged fifty percent (50%) to the State or Local Issuer Pools depending on the issuer, and fifty percent (50%) to the Exempt Facility Pool.

SECTION 6. This act shall become effective July 1, 1993.

SECTION 7. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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