STATE OF OKLAHOMA

1st Session of the 47th Legislature (1999)

SENATE BILL NO. 658 By: Mickle

AS INTRODUCED

An Act relating to agricultural linked deposits; amending 2 O.S. 1991, Section 1767, as last amended by Section 2, Chapter 88, O.S.L. 1995 (2 O.S. Supp. 1998, Section 1767), which relates to the Oklahoma Agricultural Linked Deposit Program; authorizing additional renewals; specifying requirements; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 2 O.S. 1991, Section 1767, as last amended by Section 2, Chapter 88, O.S.L. 1995 (2 O.S. Supp. 1998, Section 1767), is amended to read as follows:

Section 1767. A. The State Treasurer may accept or reject an agricultural linked deposit loan package or any portion thereof, based on the State Treasurer's evaluation of the eligible agricultural businesses included in the package, the amount of individual loans in the package, and the amount of the package. If the State Treasurer recommends rejection, the written recommendation shall include reasons for said rejection in a report to the State Board of Agriculture. The Board shall forward a copy of the rejection notice to the lending institution and the borrower. The borrower may be allowed to bring the application into compliance with the Board and the State Treasurer and resubmit the application. If the State Treasurer rejects the loan because sufficient funds are not available for a linked deposit, then the applications may be considered in the order received when funds are once again available subject to a review by the Board and the lending institution. In evaluating the eligible agricultural businesses, the State Treasurer

shall consider the recommendation of the Board and the economic needs of the area where the business is located.

B. The State Treasurer may accept or reject an agricultural linked deposit loan package or any portion thereof, based on the agricultural business's debt-to-asset ratio. The State Treasurer shall have the authority to establish quarterly, based on the availability of funds, a minimum debt-to-asset ratio of not less than forty percent (40%), nor more than fifty-five percent (55%), required to qualify as an at-risk farm or ranch business.

C. Upon acceptance of the agricultural linked deposit loan package or any portion thereof, the State Treasurer shall notify the Board, the lending institution and the borrower. Upon acceptance, the State Treasurer may place certificates of deposit with the eligible lending institution at a rate below current market rates, as determined and calculated by the State Treasurer, or may invest in bonds, notes, debentures, or other obligations or securities issued by the federal farm credit bank with respect to the eligible lending institution at a rate below current market rates, as determined and calculated by the State Treasurer. When necessary, the State Treasurer may place certificates of deposit or may invest in such obligations or securities prior to acceptance of an agricultural linked deposit loan package.

D. The eligible lending institution shall enter into an agricultural linked deposit agreement with the State Treasurer, which shall include requirements necessary to implement the purposes of the Oklahoma Agricultural Linked Deposit Program. Such requirements shall include an agreement by the eligible lending institution to lend an amount equal to the agricultural linked deposit to eligible agricultural businesses at an interest rate that reflects a percentage rate reduction below the present borrowing rate applicable to each specific agricultural business in the accepted loan package that is equal to the percentage rate reduction

below market rates at which the certificates of deposit that constitute the agricultural linked deposit were placed or at which the investments in bonds, notes, debentures, or other obligations or securities that constitute the agricultural linked deposit were made. Such requirements shall also reflect the market conditions prevailing in the eligible lending institution's lending area. The agreement may include a specification of the period of time in which the lending institution is to lend funds upon the placement of a linked deposit, and shall include provisions for the certificates of deposit to be placed or the investment in bonds, notes, debentures, obligations, or securities to be made for any maturity considered appropriate by the State Treasurer not to exceed two (2) years and may be renewed for up to an additional three renewals not to exceed two (2) years each at the option of the State Treasurer. Two additional renewals may be approved by the State Treasurer up to a total duration of participation of twelve (12) years, but new eligible participants and eligible participants who have had linked deposit loans for less than eight (8) years shall have priority over such renewals. No renewals will be allowed unless the amount of principal has been reduced by a minimum of five percent (5%) and all interest paid to date from the time of the prior loan or renewal. Interest shall be paid at the times determined by the State Treasurer.

SECTION 2. This act shall become effective July 1, 1999.

SECTION 3. 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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