

1 ENGROSSED HOUSE
2 BILL NO. 3015

By: Scott, Fields, Proctor,
Sherrer, Shumate and Russ
of the House

3
4 and

5 Ivester of the Senate
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8 An Act relating to agricultural linked deposits;
9 amending 2 O.S. 2001, Sections 5-82, as amended by
10 Section 1, Chapter 262, O.S.L. 2009 and 5-86 (2 O.S.
11 Supp. 2009, Section 5-82), which relate the Oklahoma
12 Agricultural Linked Deposit Act; modifying
13 definitions; providing for limitation on certain
14 linked deposits; modifying provisions related to
15 priorities by lending institutions; providing an
16 effective date; and declaring an emergency.

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

18 SECTION 1. AMENDATORY 2 O.S. 2001, Section 5-82, as
19 amended by Section 1, Chapter 262, O.S.L. 2009 (2 O.S. Supp. 2009,
20 Section 5-82), is amended to read as follows:

21 Section 5-82. As used in the Oklahoma Agricultural Linked
22 Deposit Program:

23 1. "Agricultural domestic corporation" means any domestic
24 corporation formed or licensed pursuant to the Oklahoma General
Corporation Act or a limited domestic liability company formed or
licensed pursuant to the Oklahoma Limited Liability Company Act and

1 meeting the requirements of paragraph 5 of subsection A of Section
2 955 of Title 18 of the Oklahoma Statutes and meeting the
3 requirements of subsection A of Section 951 of Title 18 of the
4 Oklahoma Statutes;

5 2. "Agricultural linked deposit" means a certificate of deposit
6 placed by the State Treasurer with an eligible lending institution
7 or an investment in bonds, notes, debentures, or other obligations
8 or securities issued by the federal farm credit bank with regard to
9 an eligible lending institution for the purpose of carrying out the
10 intent of this program;

11 3. "Agricultural Linked Deposit Loan Package" means the forms
12 provided by the State Treasurer for the purpose of applying for an
13 agricultural linked deposit;

14 4. "Alternative agricultural products" means those products
15 included in a report submitted by the Cooperative Extension Service
16 of Oklahoma State University to the ~~State~~ Oklahoma Department of
17 Agriculture, Food, and Forestry, and any other products which the
18 State Board of Agriculture determines will diversify Oklahoma's
19 agricultural industry so as to broaden Oklahoma's economic base;

20 5. "An at-risk farm or ranch business" shall be one that seeks
21 a production loan and meets the following criteria:

22 a. at least sixty percent (60%) of gross income derived
23 from farming and/or ranching, and

24 b. a debt-to-asset ratio over forty percent (40%);

1 6. "Eligible agricultural business" means:

2 a. any person engaged in producing, processing, or
3 marketing alternative agricultural products,

4 b. any person who is establishing a veterinary practice
5 in which at least thirty percent (30%) of the practice
6 consists of services for large animals, ~~or~~

7 c. an at-risk farm or ranch business, within the State of
8 Oklahoma in operation that has developed a management
9 plan through the Intensive Financial Management and
10 Planning Support (IFMAPS) program of the Cooperative
11 Extension Service of Oklahoma State University or the
12 Farm Business Management Program of the Oklahoma
13 Department of Career and Technology Education, ~~and, or~~

14 d. a healthy corner store as certified by the Oklahoma
15 Department of Agriculture, Food, and Forestry;

16 7. "Eligible lending institution" means a financial institution
17 that agrees to participate in the Oklahoma Agricultural Linked
18 Deposit Program, and:

19 a. is eligible to be a depository of state funds, or

20 b. is an institution of the farm credit system organized
21 under the federal "Farm Credit Act of 1971", 12 U.S.C.
22 2001, as amended; and

23 8. "Healthy corner store" means a grocery store certified by
24 the Oklahoma Department of Agriculture, Food, and Forestry pursuant

1 to rules adopted by the State Board of Agriculture that markets
2 locally grown fresh fruits and vegetables and nutritious foods and
3 for which the sale of beer and tobacco products constitutes less
4 than ten percent (10%) of its gross sales excluding gasoline and
5 other nongrocery products, such other requirements as may be
6 established in rules adopted by the State Board of Agriculture, and
7 that is located in a geographical area that is underserved by
8 grocery outlets meeting those requirements.

9 SECTION 2. AMENDATORY 2 O.S. 2001, Section 5-86, is
10 amended to read as follows:

11 Section 5-86. A. The State Treasurer is authorized to
12 disseminate information and provide agricultural linked deposit loan
13 packages to the lending institutions eligible for participation in
14 the Oklahoma Agricultural Linked Deposit Program.

15 B. The agricultural linked deposit loan package shall be
16 completed by the borrower before being forwarded to the lending
17 institution for consideration. Any technical assistance in
18 completing the agricultural loan package shall be provided by the
19 State Oklahoma Department of Agriculture, Food, and Forestry.

20 C. 1. An eligible lending institution that desires to receive
21 an agricultural linked deposit shall accept and review applications
22 for loans from eligible agricultural businesses. The lending
23 institution shall apply all usual lending standards to determine the
24 credit worthiness of each eligible agricultural business. No single

1 linked deposit for an alternative agricultural product shall exceed
2 One Million Dollars (\$1,000,000.00). No single linked deposit for
3 an at-risk farm or ranch operation or a healthy corner store shall
4 exceed Three Hundred Fifty Thousand Dollars (\$350,000.00).

5 2. Only one linked deposit loan shall be made and be
6 outstanding at any one time to any farmer. However, the linked
7 deposit loan may be refinanced.

8 3. No loan shall be made to any officer or director of the
9 lending institution making the loan.

10 D. An eligible agricultural business shall certify on its loan
11 application that the reduced rate loan will be used exclusively for
12 the purposes outlined in paragraph 6 of Section 5-82 of this title.

13 E. In considering which eligible agricultural businesses to
14 include in the agricultural linked deposit loan package for reduced
15 rate loans, the eligible lending institution shall give priority to
16 the economic and health needs of the area in which the business is
17 located and other factors it considers appropriate to determine the
18 relative financial need of the business.

19 F. 1. The eligible lending institution shall forward to the
20 State Treasurer an agricultural linked deposit loan package in the
21 form and manner prescribed and approved by the State Treasurer. The
22 package shall include information regarding the amount of the loan
23 requested by each eligible agricultural business and any other
24 information regarding each business the State Treasurer and the

1 State Board of Agriculture requires. The institution shall certify
2 that each applicant is an eligible agricultural business, and shall,
3 for each business, certify the present borrowing rate applicable to
4 each specific eligible agricultural business.

5 2. The institution and applicant shall certify that each
6 applicant is an eligible agricultural business and that the values
7 used to calculate the ratios of debt to assets have not been changed
8 or manipulated in order to qualify the applicant for the program.

9 3. Whoever knowingly makes a false statement concerning a
10 linked deposit loan application shall be prohibited from
11 participating in the linked deposit loan program.

12 G. Upon receipt of a completed agricultural linked deposit loan
13 package, the State Treasurer may review or audit the information
14 contained in the completed agricultural linked deposit loan package,
15 including, but not limited to, a review or audit of the values used
16 to calculate the ratios of debts to assets as provided by the
17 applicant and the institution. The State Treasurer shall forward
18 the completed agricultural linked deposit loan package to the Board.
19 The Board shall review the agricultural linked deposit loan package
20 to determine if the package qualifies under this program. The Board
21 shall make a recommendation concerning the package within ten (10)
22 business days. The Board shall return the package to the State
23 Treasurer with a written recommendation of approval or rejection.
24 If the Board recommends rejection, the written recommendation shall

