

THE HOUSE OF REPRESENTATIVES
Monday, March 1, 2010

Committee Substitute for
House Bill No. 3015

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 3015 - By: SCOTT of the House and IVESTER of the Senate.

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

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

1 SECTION 1. AMENDATORY 2 O.S. 2001, Section 5-82, as amended by Section
2 1, Chapter 262, O.S.L. 2009 (2 O.S. Supp. 2009, Section 5-82), is amended to read as
3 follows:
4 Section 5-82. As used in the Oklahoma Agricultural Linked Deposit Program:
5 1. "Agricultural domestic corporation" means any domestic corporation formed or
6 licensed pursuant to the Oklahoma General Corporation Act or a limited domestic
7 liability company formed or licensed pursuant to the Oklahoma Limited Liability
8 Company Act and meeting the requirements of paragraph 5 of subsection A of Section
9 955 of Title 18 of the Oklahoma Statutes and meeting the requirements of subsection A
10 of Section 951 of Title 18 of the Oklahoma Statutes;

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

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

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

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

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

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

18 6. "Eligible agricultural business" means:

19 a. any person engaged in producing, processing, or marketing alternative
20 agricultural products,

- 1 b. any person who is establishing a veterinary practice in which at least
2 thirty percent (30%) of the practice consists of services for large
3 animals, ~~or~~
4 c. an at-risk farm or ranch business, within the State of Oklahoma in
5 operation that has developed a management plan through the
6 Intensive Financial Management and Planning Support (IFMAPS)
7 program of the Cooperative Extension Service of Oklahoma State
8 University or the Farm Business Management Program of the
9 Oklahoma Department of Career and Technology Education; ~~and, or~~
10 d. a healthy corner store as certified by the Oklahoma Department of
11 Agriculture, Food, and Forestry;

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

- 14 a. is eligible to be a depository of state funds, or
15 b. is an institution of the farm credit system organized under the federal
16 "Farm Credit Act of 1971", 12 U.S.C. 2001, as amended; and

17 8. "Healthy corner store" means a grocery store certified by the Oklahoma
18 Department of Agriculture, Food, and Forestry pursuant to rules adopted by the State
19 Board of Agriculture that markets locally grown fresh fruits and vegetables and
20 nutritious foods and for which the sale of beer and tobacco products constitutes less than
21 ten percent (10%) of its gross sales excluding gasoline and other nongrocery products,
22 such other requirements as may be established in rules adopted by the State Board of

1 Agriculture, and that is located in a geographical area that is underserved by grocery
2 outlets meeting those requirements.

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

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

8 B. The agricultural linked deposit loan package shall be completed by the borrower
9 before being forwarded to the lending institution for consideration. Any technical
10 assistance in completing the agricultural loan package shall be provided by the ~~State~~
11 Oklahoma Department of Agriculture, Food, and Forestry.

12 C. 1. An eligible lending institution that desires to receive an agricultural linked
13 deposit shall accept and review applications for loans from eligible agricultural
14 businesses. The lending institution shall apply all usual lending standards to determine
15 the credit worthiness of each eligible agricultural business. No single linked deposit for
16 an alternative agricultural product shall exceed One Million Dollars (\$1,000,000.00). No
17 single linked deposit for an at-risk farm or ranch operation or a healthy corner store
18 shall exceed Three Hundred Fifty Thousand Dollars (\$350,000.00).

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

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

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

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

9 F. 1. The eligible lending institution shall forward to the State Treasurer an
10 agricultural linked deposit loan package in the form and manner prescribed and
11 approved by the State Treasurer. The package shall include information regarding the
12 amount of the loan requested by each eligible agricultural business and any other
13 information regarding each business the State Treasurer and the State Board of
14 Agriculture requires. The institution shall certify that each applicant is an eligible
15 agricultural business, and shall, for each business, certify the present borrowing rate
16 applicable to each specific eligible agricultural business.

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

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

1 G. Upon receipt of a completed agricultural linked deposit loan package, the State
2 Treasurer may review or audit the information contained in the completed agricultural
3 linked deposit loan package, including, but not limited to, a review or audit of the values
4 used to calculate the ratios of debts to assets as provided by the applicant and the
5 institution. The State Treasurer shall forward the completed agricultural linked deposit
6 loan package to the Board. The Board shall review the agricultural linked deposit loan
7 package to determine if the package qualifies under this program. The Board shall make
8 a recommendation concerning the package within ten (10) business days. The Board
9 shall return the package to the State Treasurer with a written recommendation of
10 approval or rejection. If the Board recommends rejection, the written recommendation
11 shall include reasons for the rejection. The Board shall forward a copy of the rejection
12 notice to the lending institution and the borrower. The State Treasurer shall keep a
13 chronological list of applications forwarded by the Board for approval or rejection.

14 SECTION 3. This act shall become effective July 1, 2010.

15 SECTION 4. It being immediately necessary for the preservation of the public
16 peace, health and safety, an emergency is hereby declared to exist, by reason whereof
17 this act shall take effect and be in full force from and after its passage and approval.

18 COMMITTEE REPORT BY: COMMITTEE ON AGRICULTURE AND RURAL
19 DEVELOPMENT, dated 02-25-10 - DO PASS, As Amended and Coauthored.