

An Act

ENROLLED HOUSE
BILL NO. 1541

By: Patzkowsky of the House

and

Kern and Frix of the Senate

An Act relating to the Agriculture Linked Deposit Program; amending 2 O.S. 2021, Sections 5-82, 5-85, and 5-86, which relate to administration of the linked deposit program; modifying definitions; modifying provisions related to guidelines; modifying certain deposit amount; amending 62 O.S. 2021, Section 88-1B, which relates to maximum deposits by State Treasurer; modifying definitions; providing an effective date; and declaring an emergency.

SUBJECT: Agriculture Linked Deposit Program

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

SECTION 1. AMENDATORY 2 O.S. 2021, Section 5-82, is amended to read as follows:

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

1. "Agricultural domestic corporation" means any domestic 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 meeting the requirements of paragraph 5 of subsection A of Section 955 of Title 18 of the Oklahoma Statutes and meeting the requirements of subsection A of Section 951 of Title 18 of the Oklahoma Statutes;

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

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

4. "Alternative agricultural products" means those products included in a report submitted by the Cooperative Extension Service of Oklahoma State University to the Oklahoma Department of Agriculture, Food, and Forestry, and any other products which the State Board of Agriculture determines will diversify Oklahoma's agricultural industry so as to broaden Oklahoma's economic base, but alternative agricultural products shall not mean medical marijuana growing operations;

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

- a. at least sixty percent (60%) of gross income derived from farming and/or ranching, and
- b. a debt-to-asset ratio over forty percent (40%);

6. "Eligible agricultural business" means:

- a. any person engaged in producing, processing, or marketing alternative agricultural products,
- b. any person who is establishing a veterinary practice in which at least thirty percent (30%) of the practice consists of services for large animals and the total loan amount shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00),
- c. an at-risk farm or ranch business, operating within the State of Oklahoma in operation that has developed a management plan through the Intensive Financial Management and Planning Support (IFMAPS) program of the Cooperative Extension Service of Oklahoma State University or the Farm Business Management Program of

~~the Oklahoma Department of Career and Technology
Education, or~~

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

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

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

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

SECTION 2. AMENDATORY 2 O.S. 2021, Section 5-85, is amended to read as follows:

Section 5-85. A. The State Treasurer is authorized to issue guidelines and administer the Oklahoma Agricultural Linked Deposit Program. ~~The State Treasurer is further authorized to issue guidelines in a manner similar to Article I of the Administrative Procedures Act.~~

B. The State Treasurer shall submit an annual report outlining the status of the Oklahoma Agricultural Linked Deposit Program to the Governor, the Lieutenant Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

SECTION 3. AMENDATORY 2 O.S. 2021, Section 5-86, is amended to read as follows:

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

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

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

2. Only one linked deposit loan shall be made and be outstanding at any one time to any ~~farmer~~ eligible agriculture business. However, the linked deposit loan may be refinanced.

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

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

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

F. 1. The eligible lending institution shall forward to the State Treasurer an agricultural linked deposit loan package in the form and manner prescribed and approved by the State Treasurer. The

package shall include information regarding the amount of the loan requested by each eligible agricultural business and any other information regarding each business the State Treasurer and the State Board of Agriculture requires. The institution shall certify that each applicant is an eligible agricultural business, and shall, for each business, certify the present borrowing rate applicable to each specific eligible agricultural business.

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

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

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

SECTION 4. AMENDATORY 62 O.S. 2021, Section 88.1B, is amended to read as follows:

Section 88.1B. A. The amount that the State Treasurer may invest in all linked deposit programs authorized by law shall not exceed the lesser of ~~Two Hundred Twenty-five Million Dollars (\$225,000,000.00)~~ Five Hundred Million Dollars (\$500,000,000.00) or

fifteen percent (15%) of all monies available to the State Treasurer for investment as calculated by taking the average of the quarter-end amount for the previous four (4) quarters.

B. The State Treasurer shall on a quarterly basis review the percentage of total investable state funds invested in all linked deposit programs created by law to determine compliance with subsection A of this section.

C. If the State Treasurer determines that more than the amount allowable pursuant to subsection A of this section is invested in all linked deposit programs created by law, the State Treasurer shall suspend any renewal or any initiation of new linked deposit program investments until the time that the State Treasurer determines the investment percentage limitation established by this section has been met and except as provided by Section 88.1A of this title.

SECTION 5. This act shall become effective July 1, 2025.

SECTION 6. It being immediately necessary for the preservation of the public peace, health or 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.

Passed the House of Representatives the 17th day of March, 2025.

Presiding Officer of the House
of Representatives

Passed the Senate the 6th day of May, 2025.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____
day of _____, 20_____, at _____ o'clock _____ M.
By: _____

Approved by the Governor of the State of Oklahoma this _____
day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____
day of _____, 20_____, at _____ o'clock _____ M.
By: _____