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April 7, 2025

ENGROSSED 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.

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

1 requirements of subsection A of Section 951 of Title 18 of the
2 Oklahoma Statutes;

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

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

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

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 and the total
7 loan amount shall not exceed Two Hundred Fifty
8 Thousand Dollars (\$250,000.00),

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

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

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

22 a. is eligible to be a depository of state funds, or
23
24

1 b. is an institution of the farm credit system organized
2 under the federal "Farm Credit Act of 1971", 12 U.S.C.
3 2001, as amended; and

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

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

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

21 B. The State Treasurer shall submit an annual report outlining
22 the status of the Oklahoma Agricultural Linked Deposit Program to
23 the Governor, the Lieutenant Governor, the President Pro Tempore of
24 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).

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

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

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

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

15 F. 1. The eligible lending institution shall forward to the
16 State Treasurer an agricultural linked deposit loan package in the
17 form and manner prescribed and approved by the State Treasurer. The
18 package shall include information regarding the amount of the loan
19 requested by each eligible agricultural business and any other
20 information regarding each business the State Treasurer and the
21 State Board of Agriculture requires. The institution shall certify
22 that each applicant is an eligible agricultural business, and shall,
23 for each business, certify the present borrowing rate applicable to
24 each specific eligible agricultural business.

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

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

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

1 shall keep a chronological list of ~~applications forwarded by the~~
2 ~~Board for approval or rejection~~ all application recommendations
3 received.

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

6 Section 88.1B. A. The amount that the State Treasurer may
7 invest in all linked deposit programs authorized by law shall not
8 exceed the lesser of ~~Two Hundred Twenty-five Million Dollars~~
9 ~~(\$225,000,000.00)~~ Five Hundred Million Dollars (\$500,000,000.00) or
10 fifteen percent (15%) of all monies available to the State Treasurer
11 for investment as calculated by taking the average of the quarter-
12 end amount for the previous four (4) quarters.

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

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

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

2 SECTION 6. It being immediately necessary for the preservation
3 of the public peace, health or safety, an emergency is hereby
4 declared to exist, by reason whereof this act shall take effect and
5 be in full force from and after its passage and approval.

6 COMMITTEE REPORT BY: COMMITTEE ON AGRICULTURE AND WILDLIFE
7 April 7, 2025 - DO PASS
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