

Senator Ralph Okerlund proposes the following substitute bill:

AGRICULTURAL LOAN AUTHORIZATION

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ralph Okerlund

House Sponsor: Kay L. McIff

LONG TITLE

General Description:

This bill addresses loans made from the Utah Rural Rehabilitation Fund.

Highlighted Provisions:

This bill:

- ▶ addresses the Department of Agriculture's conduct of the Rural Rehabilitation Program;
- ▶ expands the ability to make loans from the Utah Rural Rehabilitation Fund to include loans made to a ranch;
- ▶ requires the department to obtain certain loan guarantees from the United States Department of Agriculture;
- ▶ provides requirements for any revenue bonds secured by loans made under the Rural Rehabilitation Program;
- ▶ requires the transfer of \$2,000,000 from the Agriculture Resource Development Fund to the Utah Rural Rehabilitation Fund; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:



26 This bill provides an immediate effective date.

27 **Utah Code Sections Affected:**

28 AMENDS:

29 **4-19-1**, as last amended by Laws of Utah 2007, Chapter 179

30 **4-19-2**, as last amended by Laws of Utah 2009, Chapter 260

31 ENACTS:

32 **4-19-5**, Utah Code Annotated 1953

33

34 *Be it enacted by the Legislature of the state of Utah:*

35 Section 1. Section **4-19-1** is amended to read:

36 **4-19-1. Department responsible for conduct and administration of rural**
37 **rehabilitation program.**

38 (1) The department shall conduct and administer the federally funded portions of the
39 rural rehabilitation program within the state in accordance with the agreement entered into in
40 January 1975, between the United States of America through its Farm Home Administration
41 and the state through its commissioner.

42 (2) The department shall conduct and administer the state funded portions of the Rural
43 Rehabilitation Program in accordance with this chapter.

44 Section 2. Section **4-19-2** is amended to read:

45 **4-19-2. Department authorized to approve and make grants and loans, acquire**
46 **property, or lease or operate property.**

47 (1) The department, in conjunction with the administration of the rural rehabilitation
48 program, may:

49 ~~[(1)]~~ (a) approve and make a loan to a farm ~~[or]~~, ranch, or agricultural cooperative
50 association regulated under Title 3, ~~[General Provisions Relating to Agricultural Associations]~~
51 Uniform Agricultural Cooperative Association Act, subject to Section 4-19-3, including:

52 ~~[(a)]~~ (i) taking security for the loan through a mortgage, trust deed, pledge, or other
53 security device;

54 ~~[(b)]~~ (ii) purchasing a promissory note, real estate contract, mortgage, trust deed, or
55 other instrument or evidence of indebtedness; ~~[and]~~

56 ~~[(c)]~~ (iii) collecting, compromising, canceling, or adjusting a claim or obligation

57 arising out of the administration of the rural rehabilitation program; and

58 (iv) secure loan protection guarantees, as available under United States Department of
59 Agriculture programs for loans made by the department;

60 [~~2~~] (b) purchase or otherwise obtain property in which the department has acquired
61 an interest on account of a mortgage, trust deed, lien, pledge, assignment, judgment, or other
62 means at any execution or foreclosure sale;

63 [~~3~~] (c) operate or lease, if necessary to protect its investment, property in which it has
64 an interest or sell or otherwise dispose of the property; and

65 [~~4~~] (d) approve and make an education loan or an education grant to an individual for
66 the purpose of attending a vocational school, college, or university to obtain additional
67 education, qualifications, or skills.

68 (2) Proceeds of revenue bonds issued in accordance with Title 63B, Chapter 16, State
69 Financing Consolidation Act, shall:

70 (a) be for emergency relief loans in accordance with this section and Section 4-19-3 to
71 agriculture sectors under severe stress, as determined by the Agricultural Advisory Board; and

72 (b) (i) be secured with United States Department of Agriculture loan protection
73 guarantees; or

74 (ii) to the extent not secured in accordance with Subsection (2)(b)(i), shall be secured
75 with sufficient funds or other collateral to assure the revenue bond repayment.

76 Section 3. Section **4-19-5** is enacted to read:

77 **4-19-5. Transfer of funds between Agriculture Resource Development Fund and**
78 **Utah Rural Rehabilitation Fund.**

79 The director of the Division of Finance shall, on April 1, 2010, transfer \$2,000,000
80 from the Agriculture Resource Development Fund, created in Section 4-18-6, to the Utah Rural
81 Rehabilitation Fund, created in Section 4-19-4, to make loans in accordance with this chapter.

82 Section 4. **Effective date.**

83 If approved by two-thirds of all the members elected to each house, this bill takes effect
84 upon approval by the governor, or the day following the constitutional time limit of Utah
85 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,
86 the date of veto override.

S.B. 235 2nd Sub. (Salmon) - Agricultural Loan Authorization

Fiscal Note

2010 General Session

State of Utah

State Impact

This bill transfers \$2 million from the Agriculture Resources Development Fund to the Utah Rural Rehabilitation Fund.

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.
