

SB1776



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1776

Introduced 2/6/2025, by Sen. Michael W. Halpin - Doris Turner

SYNOPSIS AS INTRODUCED:

20 ILCS 3501/830-45
20 ILCS 3501/830-55

Amends the Illinois Finance Authority Act. In provisions concerning the Young Farmer Loan Guarantee Program, provides that State Guarantees under the program shall not exceed \$1,000,000 (currently \$500,000) per young farmer. Provides that the Illinois Finance Authority is authorized to issue State Guarantees to lenders for loans to finance or refinance tuition debt incurred by or on behalf of an eligible farmer for post-secondary education in an agriculture field. Provides that the Illinois Finance Authority may use moneys under the Working Capital Loan Guarantee Program to finance rental payments for land leased to the farmer. Provides that State Guarantees provided under the Working Capital Loan Guarantee Program may not exceed \$500,000 per borrower. Effective immediately

LRB104 11449 HLH 21537 b

A BILL FOR

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Finance Authority Act is amended
5 by changing Sections 830-45 and 830-55 as follows:

6 (20 ILCS 3501/830-45)

7 Sec. 830-45. Young Farmer Loan Guarantee Program.

8 (a) The Authority is authorized to issue State Guarantees
9 to lenders for loans to finance or refinance debts of young
10 farmers. For the purposes of this Section, a young farmer is a
11 resident of Illinois who is at least 18 years of age and who is
12 a principal operator of a farm or land, who derives at least
13 50% of annual gross income from farming, whose net worth is not
14 less than \$10,000 and whose debt to asset ratio is not less
15 than 40%. For the purposes of this Section, debt to asset ratio
16 means current outstanding liabilities, including any debt to
17 be financed or refinanced under this Section 830-45, divided
18 by current outstanding assets. The Authority shall establish
19 the maximum permissible debt to asset ratio based on criteria
20 established by the Authority. Lenders shall apply for the
21 State Guarantees on forms provided by the Authority and
22 certify that the application and any other documents submitted
23 are true and correct. The lender or borrower, or both in

1 combination, shall pay an administrative fee as determined by
2 the Authority. The applicant shall be responsible for paying
3 any fee or charge involved in recording mortgages, releases,
4 financing statements, insurance for secondary market issues,
5 and any other similar fee or charge that the Authority may
6 require. The application shall at a minimum contain the young
7 farmer's name, address, present credit and financial
8 information, including cash flow statements, financial
9 statements, balance sheets, and any other information
10 pertinent to the application, and the collateral to be used to
11 secure the State Guarantee. In addition, the borrower must
12 certify to the Authority that, at the time the State Guarantee
13 is provided, the borrower will not be delinquent in the
14 repayment of any debt. The lender must agree to charge a fixed
15 or adjustable interest rate that the Authority determines to
16 be below the market rate of interest generally available to
17 the borrower. If both the lender and applicant agree, the
18 interest rate on the State guaranteed loan can be converted to
19 a fixed interest rate at any time during the term of the loan.
20 State Guarantees provided under this Section (i) shall not
21 exceed \$1,000,000 ~~\$500,000~~ per young farmer, (ii) shall be set
22 up on a payment schedule not to exceed 30 years, but shall be
23 no longer than 15 years in duration, and (iii) shall be subject
24 to an annual review and renewal by the lender and the
25 Authority. A young farmer may use this program more than once
26 provided the aggregate principal amount of State Guarantees

1 under this Section to that young farmer does not exceed
2 \$1,000,000 ~~\$500,000~~. No State Guarantee shall be revoked by
3 the Authority without a 90-day notice, in writing, to all
4 parties.

5 (b) The Authority shall provide or renew a State Guarantee
6 to a lender if:

7 (i) The lender pays a fee equal to 25 basis points on
8 the loan to the Authority on an annual basis.

9 (ii) The application provides collateral acceptable to
10 the Authority that is at least equal to the State
11 Guarantee.

12 (iii) The lender assumes all responsibility and costs
13 for pursuing legal action on collecting any loan that is
14 delinquent or in default.

15 (iv) The lender is at risk for the first 15% of the
16 outstanding principal of the note for which the State
17 Guarantee is provided.

18 (c) The Illinois Agricultural Loan Guarantee Fund, the
19 Illinois Farmer and Agribusiness Loan Guarantee Fund, and the
20 Industrial Project Insurance Fund may be used to secure State
21 Guarantees issued under this Section as provided in Section
22 830-30, Section 830-35, and subsection (j) of Section 805-20,
23 respectively. All payments by the Authority to satisfy claims
24 against the State Guarantee shall be made, in whole or in part,
25 from any of the following funds in such order and in such
26 amounts as the Authority shall determine: (1) the Industrial

1 Project Insurance Fund (if the Authority exercises its
2 discretion under subsection (j) of Section 805-20); (2) the
3 Illinois Agricultural Loan Guarantee Fund; or (3) the Illinois
4 Farmer and Agribusiness Loan Guarantee Fund.

5 (d) Notwithstanding the provisions of this Section 830-45
6 with respect to the young farmers and lenders who may obtain
7 State Guarantees, the Authority may promulgate rules
8 establishing the eligibility of young farmers and lenders to
9 participate in the State Guarantee program and the terms,
10 standards, and procedures that will apply, when the Authority
11 finds that emergency conditions in Illinois agriculture have
12 created the need for State Guarantees pursuant to terms,
13 standards, and procedures other than those specified in this
14 Section.

15 (e) The Authority shall allow for the payment of tuition
16 debt incurred by the young farmer to be eligible for financing
17 and refinancing with the loans awarded pursuant to this
18 Section. The Authority shall allow the an eligible young
19 farmer to pay rent and past rent on land leased to the young
20 farmer with the loans awarded pursuant to this Section.

21 (Source: P.A. 99-509, eff. 6-24-16.)

22 (20 ILCS 3501/830-55)

23 Sec. 830-55. ~~Working Capital~~ Loan Guarantee Programs
24 Program.

25 (a) The Authority is authorized to issue State Guarantees

1 to lenders for loans to finance needed input costs related to
2 and in connection with planting and raising agricultural crops
3 and commodities in Illinois as well as rental payments for
4 land leased to the farmer for those purposes. Eligible input
5 costs include, but are not limited to, fertilizer, chemicals,
6 feed, seed, fuel, parts, and repairs. At the discretion of the
7 Authority, the farmer, producer, or agribusiness must be able
8 to provide the originating lender with a first lien on the
9 proposed crop or commodity to be raised and an assignment of
10 Federal Crop Insurance sufficient to secure the Working
11 Capital Loan. Additional collateral may be required as deemed
12 necessary by the lender and the Authority.

13 In addition, the Authority is authorized to issue State
14 Guarantees to lenders for loans to finance or refinance
15 tuition debt incurred by or on behalf of an eligible farmer for
16 the purpose of pursuing an associate's degree in an
17 agriculture field, a bachelor's degree in an agriculture
18 field, or a post-secondary certificate in a agriculture field.
19 Eligible tuition debt includes all fees, administrative costs,
20 and living expenses imposed by the post-secondary education
21 institution.

22 For the purposes of this Section, an eligible farmer,
23 producer, or agribusiness is a resident of Illinois who is at
24 least 18 years of age and who is a principal operator of a farm
25 or land, who derives at least 50% of annual gross income from
26 farming, and whose debt to asset ratio is not less than 40%.

1 For the purposes of this Section, debt to asset ratio means
2 current outstanding liabilities, including any debt to be
3 financed or refinanced under this Section 830-55, divided by
4 current outstanding assets. The Authority shall establish the
5 maximum permissible debt to asset ratio based on criteria
6 established by the Authority. Lenders shall apply for the
7 State Guarantees on forms provided by the Authority and
8 certify that the application and any other documents submitted
9 are true and correct. The lender or borrower, or both in
10 combination, shall pay an administrative fee as determined by
11 the Authority. The applicant shall be responsible for paying
12 any fee or charge involved in recording mortgages, releases,
13 financing statements, insurance for secondary market issues,
14 and any other similar fee or charge that the Authority may
15 require. The application shall at a minimum contain the
16 borrower's name, address, present credit and financial
17 information, including cash flow statements, financial
18 statements, balance sheets, and any other information
19 pertinent to the application, and the collateral to be used to
20 secure the State Guarantee. In addition, the borrower must
21 certify to the Authority that, at the time the State Guarantee
22 is provided, the borrower will not be delinquent in the
23 repayment of any debt. The lender must agree to charge a fixed
24 or adjustable interest rate that the Authority determines to
25 be below the market rate of interest generally available to
26 the borrower. If both the lender and applicant agree, the

1 interest rate on the State guaranteed loan can be converted to
2 a fixed interest rate at any time during the term of the loan.
3 State Guarantees provided under this Section (i) shall not
4 exceed \$500,000 ~~\$250,000~~ per borrower, (ii) shall be repaid
5 annually, and (iii) shall be subject to an annual review and
6 renewal by the lender and the Authority. The State Guarantee
7 may be renewed annually, for a period not to exceed 3 total
8 years per State Guarantee, if the borrower meets financial
9 criteria and other conditions, as established by the
10 Authority. A farmer or agribusiness may use this program more
11 than once provided the aggregate principal amount of State
12 Guarantees under this Section to that farmer or agribusiness
13 does not exceed \$500,000 ~~\$250,000~~ annually. No State Guarantee
14 shall be revoked by the Authority without a 90-day notice, in
15 writing, to all parties.

16 (b) The Authority shall provide a State Guarantee to a
17 lender if:

18 (i) The borrower pays to the Authority a fee equal to
19 100 basis points on the loan.

20 (ii) The application provides collateral acceptable to
21 the Authority that is at least equal to the State
22 Guarantee.

23 (iii) The lender assumes all responsibility and costs
24 for pursuing legal action on collecting any loan that is
25 delinquent or in default.

26 (iv) The lender is at risk for the first 15% of the

1 outstanding principal of the note for which the State
2 Guarantee is provided.

3 (c) The Illinois Agricultural Loan Guarantee Fund, the
4 Illinois Farmer and Agribusiness Loan Guarantee Fund, and the
5 Industrial Project Insurance Fund may be used to secure State
6 Guarantees issued under this Section as provided in Section
7 830-30, Section 830-35, and subsection (j) of Section 805-20,
8 respectively, or to make direct loans or purchase loan
9 participations under subsection (i) or (r) of Section 801-40.
10 If the Authority exercises its discretion under subsection (j)
11 of Section 805-20 to secure a State Guarantee with the
12 Industrial Project Insurance Fund and also exercises its
13 discretion under this subsection to secure the same State
14 Guarantee with the Illinois Agricultural Loan Guarantee Fund,
15 the Illinois Farmer and Agribusiness Loan Guarantee Fund, or
16 both, all payments by the Authority to satisfy claims against
17 the State Guarantee shall be made from the Industrial Project
18 Insurance Fund, the Illinois Agricultural Loan Guarantee Fund,
19 or the Illinois Farmer and Agribusiness Loan Guarantee Fund,
20 as applicable, in such order and in such amounts as the
21 Authority shall determine.

22 (d) Notwithstanding the provisions of this Section 830-55
23 with respect to the borrowers and lenders who may obtain State
24 Guarantees, the Authority may promulgate rules establishing
25 the eligibility of borrowers and lenders to participate in the
26 State Guarantee program and the terms, standards, and

1 procedures that will apply, when the Authority finds that
2 emergency conditions in Illinois agriculture have created the
3 need for State Guarantees pursuant to terms, standards, and
4 procedures other than those specified in this Section.

5 (Source: P.A. 100-919, eff. 8-17-18; 101-81, eff. 7-12-19.)

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.