



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

HB5907

by Rep. John D. Anthony

#### SYNOPSIS AS INTRODUCED:

20 ILCS 3501/830-47 new

Amends the Illinois Finance Authority Act. Provides that the Authority is authorized to issue State guarantees to lenders for loans to small family farm operations, operators of community-supported agriculture, and beginning farmers. Provides that those guarantees (i) shall not exceed \$35,000 per qualified applicant, (ii) shall be set up on a payment schedule not to exceed 7 years, except that annual operating loans must be repaid within 12 months after the agricultural commodities are sold, and (iii) shall be subject to annual review and renewal by the lender and the Authority. Provides that the Illinois Agricultural Loan Guarantee Fund and the Illinois Farmer and Agribusiness Loan Guarantee Fund may be used to secure those guarantees.

LRB098 17666 HLH 52780 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

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 by  
5 adding Section 830-47 as follows:

6 (20 ILCS 3501/830-47 new)

7 Sec. 830-47. Microloans for small and beginning farmers.

8 (a) The Authority is authorized to issue State guarantees  
9 to lenders for loans to small family farm operations, operators  
10 of community-supported agriculture, and beginning farmers. A  
11 qualified applicant under this Section is a resident of  
12 Illinois who is at least 18 years of age and who is a principal  
13 operator of a farm or land, whose net worth is not less than  
14 \$10,000, and whose debt to asset ratio is not less than 40%.  
15 For the purposes of this Section, debt to asset ratio means  
16 current outstanding liabilities, including any debt to be  
17 financed or refinanced under this Section, divided by current  
18 outstanding assets. The Authority shall establish the maximum  
19 permissible debt to asset ratio based on criteria established  
20 by the Authority.

21 (b) State guarantees provided under this Section (i) shall  
22 not exceed \$35,000 per qualified applicant, (ii) shall be set  
23 up on a payment schedule not to exceed 7 years, except that

1 annual operating loans must be repaid within 12 months after  
2 the agricultural commodities are sold, and (iii) shall be  
3 subject to annual review and renewal by the lender and the  
4 Authority.

5 (c) Loans under this Section may be used for the following  
6 purposes, without limitation:

7 (1) initial start-up expenses;

8 (2) annual expenses such as seed, fertilizer,  
9 utilities, and land rents;

10 (3) marketing and distribution expenses;

11 (4) family living expenses;

12 (5) purchase of livestock, equipment, and other  
13 materials essential to farm operations;

14 (6) minor farm improvements such as wells and coolers;

15 (7) hoop houses to extend the growing season;

16 (8) essential tools;

17 (9) irrigation; and

18 (10) delivery vehicles.

19 (d) Lenders shall apply for the State guarantees on forms  
20 provided by the Authority and certify that the application and  
21 any other documents submitted are true and correct. The lender  
22 or borrower, or both in combination, shall pay an  
23 administrative fee as determined by the Authority. The  
24 applicant shall be responsible for paying any fee or charge  
25 involved in recording mortgages, releases, financing  
26 statements, insurance for secondary market issues, and any

1 other similar fee or charge that the Authority may require. The  
2 application shall at a minimum contain the applicant's name,  
3 address, present credit and financial information, including  
4 cash flow statements, financial statements, balance sheets,  
5 and any other information pertinent to the application, and the  
6 collateral to be used to secure the State guarantee. In  
7 addition, the borrower must certify to the Authority that, at  
8 the time the State guarantee is provided, the borrower is not  
9 delinquent in the repayment of any debt. The lender must agree  
10 to charge a fixed or adjustable interest rate that the  
11 Authority determines to be below the market rate of interest  
12 generally available to the borrower. If both the lender and  
13 applicant agree, the interest rate on the State guaranteed loan  
14 can be converted to a fixed interest rate at any time during  
15 the term of the loan. An applicant may use this program more  
16 than once. No State guarantee shall be revoked by the Authority  
17 without a 90-day notice, in writing, to all parties.

18 (e) The Illinois Agricultural Loan Guarantee Fund and the  
19 Illinois Farmer and Agribusiness Loan Guarantee Fund may be  
20 used to secure State guarantees issued under this Section.

21 (f) The Authority may adopt rules establishing the  
22 eligibility of farmers and lenders to participate in the  
23 program under this Section.