



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB3905

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.

LRB099 07140 SXM 27227 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.