

# AN ACT

To amend sections 135.631, 135.73, 135.74, and 135.75 of the Revised Code to modify the Agricultural Linked Deposit Program with respect to the maximum amount the Treasurer of State may invest in agricultural linked deposits, the interest rate at which loans are made under the Program, and the maximum loan amount.

*Be it enacted by the General Assembly of the State of Ohio:*

SECTION 1. That sections 135.631, 135.73, 135.74, and 135.75 of the Revised Code be amended to read as follows:

Sec. 135.631. The treasurer of state shall attempt to place up to one hundred ~~twenty-five~~ sixty-five million dollars of the amount authorized to be invested under section 135.63 of the Revised Code in agricultural linked deposits, as defined in section 135.71 of the Revised Code, subject to the procedures set forth in sections 135.71 to 135.76 of the Revised Code.

Sec. 135.73. (A) 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 creditworthiness of each eligible agricultural business. No loan shall exceed one hundred fifty thousand dollars.

(B) An eligible agricultural business shall certify on its loan application that the reduced rate loan will be used exclusively for agricultural purposes on land or in facilities owned or operated by the business in this state and that the loan will materially contribute to the preservation of the business. Whoever knowingly makes a false statement concerning such application is guilty of the offense of falsification under section 2921.13 of the Revised Code.

(C) In considering which eligible agricultural businesses to include in the agricultural linked deposit loan package for reduced rate loans, the eligible lending institution shall give priority to the immediacy of a business's financial need for the loan to meet planting deadlines. The institution may also consider the economic needs of the area in which the

business is located and other factors it considers appropriate to determine the relative financial need of the business.

(D) The eligible lending institution shall forward to the treasurer of state an agricultural linked deposit loan package, in the form and manner prescribed by the treasurer of state. The package shall include information regarding the amount of the loan requested by each eligible agricultural business and such other information regarding each business as the treasurer of state requires. The institution shall certify that each applicant is an eligible agricultural business, and shall, for each business, certify the present borrowing rate applicable to each specific eligible agricultural business.

Sec. 135.74. (A) The treasurer of state may accept or reject an agricultural linked deposit loan package or any portion thereof, based on the treasurer's evaluation of the eligible agricultural businesses included in the package, the amount of individual loans in the package, and the amount of the package. In evaluating the eligible agricultural businesses, the treasurer of state shall give priority to a business's financial need for the loan to meet planting deadlines but shall also consider the overall financial need of the business and the economic needs of the area where the business is located.

(B) Upon acceptance of the agricultural linked deposit loan package or any portion thereof, the treasurer of state may place certificates of deposit with the eligible lending institution at a rate below current market rates, as determined and calculated by the treasurer of state, or may invest in bonds, notes, debentures, or other obligations or securities issued by the federal farm credit bank with respect to the eligible lending institution at a rate below current market rates, as determined and calculated by the treasurer of state. When necessary, the treasurer may place certificates of deposit or may invest in such obligations or securities prior to acceptance of an agricultural linked deposit loan package.

(C) The eligible lending institution shall enter into an agricultural linked deposit agreement with the treasurer of state, which shall include requirements necessary to carry out the purposes of sections 135.71 to 135.76 of the Revised Code. ~~Such~~ The requirements shall ~~include~~ at least do the following:

(1) Include an agreement by the eligible lending institution to lend the value of the agricultural linked deposit to eligible agricultural businesses at a rate ~~that reflects a percentage rate reduction below~~ equal to the present borrowing rate applicable to each specific agricultural business in the accepted loan package ~~that is equal to~~ minus the ~~percentage rate reduction below~~ difference between one of the following, as applicable:

(a) The market rates rate and the actual rate at which the certificates of

deposit that constitute the agricultural linked deposit were placed ~~or~~:

(b) The market rate and the actual rate at which the investments in bonds, notes, debentures, or other obligations or securities that constitute the agricultural linked deposit were made. ~~Such requirements shall also reflect:~~

(2) Reflect the market conditions prevailing in the eligible lending institution's lending area. ~~The~~

The agricultural linked deposit agreement may include a specification of the period of time in which the lending institution is to lend funds upon the placement of a linked deposit, and shall include provisions for the certificates of deposit to be placed or the investment in bonds, notes, debentures, obligations, or securities to be made for any maturity considered appropriate by the treasurer of state not to exceed two years and may be renewed for up to an additional two years at the option of the treasurer. Interest shall be paid at the times determined by the treasurer of state.

(D) Eligible lending institutions shall comply fully with Chapter 135. of the Revised Code.

Sec. 135.75. (A) Upon the placement of an agricultural linked deposit with an eligible lending institution, such institution is required to lend such funds to each approved eligible agricultural business listed in the agricultural linked deposit loan package required by division (D) of section 135.73 of the Revised Code and in accordance with the agricultural linked deposit agreement required by division (C) of section 135.74 of the Revised Code. ~~The loan shall be at a rate that reflects a percentage rate reduction below the present borrowing rate applicable to each business that is equal to the percentage rate reduction below market rates at which the certificate of deposits that constitute the agricultural linked deposit were placed or at which the investments in bonds, notes, debentures, or other obligations or securities that constitute the agricultural linked deposit were made.~~ A certification of compliance with this section in the form and manner as prescribed by the treasurer of state shall be required of the eligible lending institution.

(B) The treasurer of state shall take any and all steps necessary to implement the agricultural linked deposit program and monitor compliance of eligible lending institutions and eligible agricultural businesses, including the development of guidelines as necessary.

SECTION 2. That existing sections 135.631, 135.73, 135.74, and 135.75 of the Revised Code are hereby repealed.

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*Speaker* \_\_\_\_\_ *of the House of Representatives.*

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*President* \_\_\_\_\_ *of the Senate.*

Passed \_\_\_\_\_, 20\_\_\_\_

Approved \_\_\_\_\_, 20\_\_\_\_

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*Governor.*

Am. H. B. No. 415

129th G.A.

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

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*Director, Legislative Service Commission.*

Filed in the office of the Secretary of State at Columbus, Ohio, on the \_\_\_ day of \_\_\_\_\_, A. D. 20\_\_\_\_.

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*Secretary of State.*

File No. \_\_\_\_\_ Effective Date \_\_\_\_\_