

E AND R AMENDMENTS TO LB 297

Introduced by Enrollment and Review Committee: Nordquist, 7,  
Chairperson

1           1. Strike the original sections and all amendments  
2 thereto and insert the following new sections:

3           Section 1. Sections 1 to 12 of this act shall be known  
4 and may be cited as the Nebraska Beginning Farmer and Small  
5 Business Linked Deposit Loan Act.

6           Sec. 2. For purposes of the Nebraska Beginning Farmer and  
7 Small Business Linked Deposit Loan Act:

8           (1) Eligible beginning farmer means a beginning farmer  
9 or livestock producer who is a resident individual as defined in  
10 section 77-2714.01, who has entered farming or livestock production  
11 or is seeking entry into farming or livestock production, who  
12 intends to farm or raise crops or livestock on land located within  
13 the state borders of Nebraska, and who meets the eligibility  
14 guidelines established in section 3 of this act;

15           (2) Eligible lending institution means:

16           (a) A bank which is chartered to conduct a bank in this  
17 state pursuant to the Nebraska Banking Act or any national bank  
18 authorized to do business in this state that agrees to participate  
19 in the Nebraska Beginning Farmer and Small Business Linked Deposit  
20 Loan Act and is eligible to be a depository of funds available for  
21 investment as designated by the state investment officer; or

22           (b) Any state-chartered or federally chartered building  
23 and loan association authorized to do business in this state that

1 agrees to participate in the Nebraska Beginning Farmer and Small  
2 Business Linked Deposit Loan Act and is eligible to be a depository  
3 of funds available for investment as designated by the state  
4 investment officer;

5 (3) Eligible small business means any individual,  
6 partnership, limited partnership, limited liability company,  
7 limited liability partnership, or corporation headquartered in  
8 Nebraska that employs fewer than ten employees doing business in  
9 a municipality, county, unincorporated area within a county, or  
10 census tract in Nebraska that has (a) an unemployment rate which  
11 exceeds the statewide average unemployment rate, (b) a per capita  
12 income below the statewide average per capita income, or (c) had a  
13 population decrease between the two most recent federal decennial  
14 censuses;

15 (4) Linked deposit means an investment account of funds  
16 available for investment placed by the State Treasurer pursuant  
17 to the Nebraska Beginning Farmer and Small Business Linked Deposit  
18 Loan Act with an eligible lending institution for the purpose of  
19 carrying out the intent of the act; and

20 (5) Linked deposit loan package means forms and  
21 information provided by the State Treasurer to eligible lending  
22 institutions for the purpose of applying for a linked deposit.

23 Sec. 3. An eligible beginning farmer shall be an  
24 individual who: (1) Has a net worth of not more than five  
25 hundred thousand dollars, including any holdings by a spouse or  
26 dependent, based on fair market value; (2) provides the majority of  
27 the day-to-day physical labor and management of his or her farming

1 or livestock production operations; (3) has adequate farming or  
2 livestock production experience or demonstrates knowledge in the  
3 type of farming or livestock production for which he or she  
4 seeks assistance; (4) demonstrates a profit potential by submitting  
5 projected earnings statements and agrees that farming or livestock  
6 production is intended to become his or her principal source of  
7 income; and (5) demonstrates a need for assistance.

8           Sec. 4. (1) The State Treasurer is hereby authorized to  
9 administer a linked deposit loan program pursuant to the Nebraska  
10 Beginning Farmer and Small Business Linked Deposit Loan Act. The  
11 program shall be for the purpose of providing incentives for making  
12 loans from linked deposits, through eligible lending institutions,  
13 to eligible beginning farmers and eligible small businesses.

14           (2) The State Treasurer shall submit an annual report  
15 outlining the status of the program to the Governor and  
16 Legislature.

17           Sec. 5. (1) The State Treasurer may disseminate linked  
18 deposit loan packages to eligible lending institutions.

19           (2) A linked deposit loan application shall be completed  
20 by an eligible beginning farmer or eligible small business seeking  
21 to borrow linked deposit funds under the Nebraska Beginning Farmer  
22 and Small Business Linked Deposit Loan Act and returned to the  
23 State Treasurer. The State Treasurer shall forward the application  
24 to an eligible lending institution for consideration.

25           (3) An eligible lending institution that agrees to  
26 receive a linked deposit shall accept and review such linked  
27 deposit loan application. The eligible lending institution shall

1 apply its usual and prudent lending standards and practices to  
2 determine the credit worthiness of eligible beginning farmers and  
3 eligible small businesses seeking to borrow linked deposit funds.  
4 No single beginning farmer linked deposit loan shall exceed two  
5 hundred fifty thousand dollars. No single small business linked  
6 deposit loan shall exceed two hundred fifty thousand dollars.  
7 The total aggregate amount of beginning farmer and small business  
8 linked deposit loans under the linked deposit loan program shall  
9 not exceed two million dollars in FY2010-11, two million dollars in  
10 FY2011-12, four million dollars in FY2012-13, four million dollars  
11 in FY2013-14, six million dollars in FY2014-15, six million dollars  
12 in FY2015-16, eight million dollars in FY2016-17, eight million  
13 dollars in FY2017-18, ten million dollars in FY2018-19, and ten  
14 million dollars in FY2019-20.

15           Sec. 6. (1) Only one eligible beginning farmer linked  
16 deposit loan shall be made and be outstanding at any one time  
17 to any eligible beginning farmer. No eligible beginning farmer  
18 linked deposit loan shall be extended for more than five years or  
19 amortized for greater than fifteen years.

20           (2) An eligible beginning farmer shall certify on the  
21 linked deposit loan application that the linked deposit loan  
22 will be used exclusively for the following expenses involved in  
23 the operation of the eligible beginning farmer: Inventory; rent,  
24 utilities, insurance, or taxes; equipment purchase, rental, or  
25 lease; renovations, repairs, and maintenance of equipment and  
26 facilities; or purchase of land and buildings.

27           Sec. 7. (1) Only one eligible small business linked

1 deposit loan shall be made and be outstanding at any one time to an  
2 eligible small business. No eligible small business linked deposit  
3 loan shall be extended for more than five years or amortized for  
4 greater than fifteen years.

5 (2) An eligible small business shall certify on the  
6 linked deposit loan application that the linked deposit loan  
7 will be used exclusively for the following expenses involved in  
8 the operation of the eligible small business: Inventory; rent,  
9 utilities, insurance, or taxes; equipment purchase, rental, or  
10 lease; renovations, repairs, and maintenance of equipment and  
11 facilities; or purchase of land and buildings.

12 Sec. 8. (1) An eligible lending institution may approve  
13 or disapprove a linked deposit loan application based on the  
14 lending institution's evaluation of the eligible beginning farmer  
15 or eligible small business applying for the loan, the amount of the  
16 individual loan applied for, and other appropriate considerations.

17 (2) The eligible lending institution shall forward an  
18 approved linked deposit loan application to the State Treasurer in  
19 the form and manner prescribed and approved by the State Treasurer  
20 for final approval by the State Treasurer. The linked deposit loan  
21 application shall include information regarding the amount of the  
22 linked deposit loan requested by each eligible beginning farmer  
23 or eligible small business and such other information regarding  
24 each eligible beginning farmer or eligible small business the State  
25 Treasurer requires, including a certification by the applicant that  
26 such applicant is an eligible beginning farmer or eligible small  
27 business.

1           Sec. 9. (1) The State Treasurer may approve or disapprove  
2 a linked deposit loan application based upon (a) the State  
3 Treasurer's evaluation of whether the linked deposit loan to  
4 the eligible beginning farmer or eligible small business meets the  
5 purposes of the Nebraska Beginning Farmer and Small Business Linked  
6 Deposit Loan Act and (b) the availability of funds. If sufficient  
7 funds are not available for every approved linked deposit loan,  
8 then the applications shall be considered in the order in which  
9 they were received when linked deposit funds are once again  
10 available.

11           (2) Once a linked deposit loan application has had  
12 final approval from the State Treasurer, the State Treasurer shall  
13 certify to the state investment officer the amount required for  
14 the linked deposit loan. The state investment officer shall place  
15 a linked deposit in the amount certified by the State Treasurer  
16 with the eligible lending institution at an interest rate which is  
17 two percent below the interest rate provided in section 45-103.  
18 Such interest rate for new loans shall be recalculated on the first  
19 business day of January, April, July, and October of each year  
20 using the rate then in effect. When necessary, the State Treasurer  
21 may request the state investment officer to place a linked deposit  
22 with an eligible lending institution prior to acceptance of a  
23 linked deposit loan application.

24           (3) An eligible lending institution shall enter into a  
25 linked deposit loan agreement with the State Treasurer which shall  
26 include requirements necessary to implement the purposes of the  
27 Nebraska Beginning Farmer and Small Business Linked Deposit Loan

1 Act. Such requirements shall include an agreement by an eligible  
2 lending institution to lend an amount equal to the linked deposits  
3 to eligible beginning farmers or eligible small businesses seeking  
4 to borrow linked deposit funds under the act at an interest rate  
5 which is not more than two percent above the interest rate provided  
6 in section 45-103. Such interest rate for new loans shall be  
7 recalculated on the first business day of January, April, July, and  
8 October of each year using the rate then in effect. The agreement  
9 may include provisions for the linked deposits to be placed for a  
10 maturity considered appropriate in coordination with the underlying  
11 eligible beginning farmer or eligible small business loan within  
12 the requirements of sections 6 and 7 of this act. The agreement  
13 may include provisions for the reduction of linked deposits in an  
14 amount equal to any payment of bank loan principal.

15           Sec. 10. (1) Except as provided in subsection (2) of  
16 section 9 of this act, upon the placement of a linked deposit with  
17 an eligible lending institution, the eligible lending institution  
18 shall fund the linked deposit loan to each approved eligible  
19 beginning farmer or eligible small business listed in the linked  
20 deposit loan application in accordance with the linked deposit loan  
21 agreement between the eligible lending institution and the State  
22 Treasurer. The linked deposit loan shall be at an interest rate as  
23 provided in section 9 of this act. A certification of compliance  
24 with this section in the form and manner as prescribed by the State  
25 Treasurer shall be required of an eligible lending institution.

26           (2) The State Treasurer may adopt and promulgate rules  
27 and regulations necessary to implement the Nebraska Beginning

1 Farmer and Small Business Linked Deposit Loan Act.

2           Sec. 11. The state or the State Treasurer shall not  
3 be liable to any eligible lending institution in any manner for  
4 payment of the principal or interest on a linked deposit loan. Any  
5 delay in payments or default on a linked deposit loan shall not  
6 in any manner affect the linked deposit loan agreement between an  
7 eligible lending institution and the State Treasurer.

8           Sec. 12. No new eligible beginning farmer linked deposit  
9 loan or new eligible small business linked deposit loan shall be  
10 made after June 30, 2020.

11           Sec. 13. This act becomes operative on January 1, 2011.