

# Chapter 32

2023 Regular Session

Subject Agriculture

Bill H.F. 463

Analyst Colbey Sullivan

Date May 15, 2023

## Summary

This act directs Minnesota Management and Budget (MMB) to borrow \$50,000,000 from the bond market and appropriates the proceeds to the Rural Finance Authority (RFA) to purchase participation interests in loans issued by private lenders or to make direct loans to farmers under the RFA's Beginning Farmer, Loan Restructuring, Seller-Sponsored, Agricultural Improvement, and Livestock Expansion loan programs. The act also directs MMB to borrow an additional \$50,000 to cover the agency's bond sale expenses.

Farmer payments of principal and interest under these RFA loan programs must be sufficient to pay the state's debt service on the bonds, plus a reserve for potential losses.

The RFA is the state's main agricultural lending arm. Although the RFA has legal authority to issue loans directly, it typically partners with private agricultural lenders to provide favorable financing opportunities for eligible farmers.

This act took effect on May 9, 2023, the day after Governor Tim Walz signed it into law.