

HOUSE RESEARCH

Bill Summary

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Subject: Financial support for immigrant and minority farmers

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Overview

This bill would create a new Immigrant and Minority Pilot Microloan Program administered by the Rural Finance Authority (RFA). RFA is the state's main agricultural lending arm. RFA or an intermediary would issue loans of no more than \$10,000 to qualifying borrowers to help finance the production of specialty crops and qualifying livestock. The program would receive funding from RFA's existing revolving loan account.

In addition, the bill makes various minor changes to current law and grants RFA general authority to accept gifts of money or personal property to support RFA's activities.

- 1 General powers of the authority.** Grants RFA the general authority to accept gifts of money or personal property to support RFA's activities.
- 2 Loans.** Modifies the RFA's Agroforestry Loan Program by eliminating the program's dedicated revolving loan fund and adding the Agroforestry program to the list of RFA programs that use RFA's general revolving loan account.
- 3 Establishment.** Modifies the name of the Livestock Equipment Pilot Loan Program by eliminating the word "Pilot."
- 4 Immigrant and minority pilot microloan program.** Creates the new program in law, defines key terms, and establishes program elements.

Subd. 1. Establishment. Requires RFA to establish and implement the program. Authorizes RFA to contract with an intermediary to provide an efficient program delivery system.

Subd. 2. Definitions. Defines key terms -- "intermediary," "specialty crops," and "eligible livestock."

Subd. 3. Eligibility. Establishes borrower eligibility standards. A borrower must:

- be a legal Minnesota resident,

- be or plan to become a grower of specialty crops or eligible livestock,
- market - or contract to market - the specialty crops or eligible livestock,
- demonstrate the ability to repay the loan, and
- be a member of one or more of the following statutory groups:
 - ▶ "Protected group" means females, persons with disabilities, and members of the following minorities: Black, Hispanic, Asian or Pacific Islander, and American Indian or Alaskan native.
 - ▶ "Qualified noncitizen" means a noncitizen whose immigration status qualifies the person for Medical Assistance. (However, the borrower need not be participating in Medical Assistance.) In particular, a qualified noncitizen has the following immigration status:
 - (1) admitted for lawful permanent residence according to United States Code, title 8;
 - (2) admitted to the United States as a refugee according to United States Code, title 8, section 1157;
 - (3) granted asylum according to United States Code, title 8, section 1158;
 - (4) granted withholding of deportation according to United States Code, title 8, section 1253(h);
 - (5) paroled for a period of at least one year according to United States Code, title 8, section 1182(d)(5);
 - (6) granted conditional entrant status according to United States Code, title 8, section 1153(a)(7);
 - (7) determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V of the Omnibus Consolidated Appropriations Bill, Public Law 104-200;
 - (8) is a child of a noncitizen determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill, Public Law 104-200; or
 - (9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public Law 96-422, the Refugee Education Assistance Act of 1980.

Subd. 4. Loans. Sets the terms of the microloans. Limits loan principal to \$10,000/loan. Prohibits refinancing existing debt. Limits the loan disbursement period to a maximum of 6 years. Requires the borrower to execute a personal note as security for the loan, plus any other security required by RFA or an intermediary. Authorizes RFA to set the interest rate. Funds the program via the RFA's existing revolving loan account.

- 5 Rural finance authority revolving loan account.** Adds the Agroforestry and Immigrant and Minority Pilot Microloan programs to the list of RFA programs that use RFA's general revolving loan account.

- 6** **Balance transfer.** Transfers any balance in the Agroforestry Loan Program revolving fund to the RFA's general revolving loan account. Abolishes the Agroforestry revolving fund.
- 7** **Repealer.** Repeals the Agroforestry Loan Program's dedicated revolving fund.