

Subject Rural Finance Authority

Authors Burkel and others

Analyst Colbey Sullivan

Date January 18, 2023

Summary

This bill would borrow \$50,000,000 from the bond market and appropriate the proceeds to the Rural Finance Authority (RFA) to purchase participating 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. It would also borrow an additional \$50,000 and appropriate the proceeds to Minnesota Management and Budget 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.