



Ohio Legislative Service Commission

Bill Analysis

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Sub. H.B. 483*

128th General Assembly

(As Reported by H. Finance and Appropriations)

Reps. Pryor, Dodd, Domenick, Evans, Garland, Gerberry, Goodwin, Goyal, Letson, Murray, Phillips, Sayre, Stebelton, Weddington

BILL SUMMARY

- Increases the maximum amount the Treasurer of State may invest in agricultural linked deposits.
- Clarifies the interest rate at which loans are made under the Agricultural Linked Deposit Loan Program to eligible agricultural businesses.
- Increases the maximum loan amount to eligible agricultural businesses from \$100,000 to \$150,000.

CONTENT AND OPERATION

Agricultural Linked Deposit Loan Program

(R.C. 135.631, 135.71 (not in the bill), 135.73, 135.74, and 135.75)

The General Assembly created the Agricultural Linked Deposit Loan Program after finding that there was an inadequate supply of agricultural credit and loan financing at affordable rates in Ohio. The Program seeks to provide a greater supply of lower-cost loans for agricultural businesses. Under current law, the Treasurer of State is authorized to place state funds in agricultural linked deposits. To create an agricultural linked deposit, the Treasurer places a certificate of deposit or makes other investments, such as in bonds, with an eligible lending institution and accepts an interest rate below current market interest rates. The lending institution with whom the Treasurer invests

* This analysis was prepared before the report of the House Finance and Appropriations Committee appeared in the House Journal. Note that the list of co-sponsors and the legislative history may be incomplete.

then lends money to an eligible agricultural business at a reduced interest rate. An "eligible agricultural business" means any person engaged in agriculture who is headquartered and domiciled in Ohio, maintains land or facilities for agricultural purposes of which at least 51% are within Ohio, and is organized for profit.

Current law requires the Treasurer of State to attempt to place up to \$125 million of the amount authorized to be invested in linked deposits in agricultural linked deposits.¹ The bill increases the amount the Treasurer must attempt to place to \$200 million.

Current law also provides that the interest rate on a linked deposit loan to an eligible agricultural business from an eligible lending institution must be equal to the percentage rate reduction below market rates at which the certificates of deposit or other investments that constitute the agricultural linked deposit were made.² The bill clarifies that the interest rate given to the agricultural business must be "proportional" to the below market rate given to the Treasurer rather than "equal."

Additionally, current law provides that an eligible lending institution participating in the Agricultural Linked Deposit Program may not loan more than \$100,000 to an eligible agricultural business. The bill increases the maximum loan amount to \$150,000.

HISTORY

ACTION	DATE
Introduced	04-12-10
Reported, H. Finance & Appropriations	---

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¹ The Treasurer of State may not invest more than 12% of the state's total average investment portfolio in the various linked deposit programs (R.C. 135.63, not in the bill).

² The bill eliminates duplicative language regarding the required interest rate for individual loans from R.C. 135.75.

