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Senate Bill 693 (as reported without amendment)

Sponsor: Senator Dan Lauwers

Committee: Appropriations

## **CONTENT**

The bill would amend the Agriculture Disaster Loan Origination Program Act to do the following:

- Add the term "qualified loss" and define it to mean a reduction of gross revenue from any agriculture commodity after receipt of any insurance proceeds and other reimbursements resulting from the same crop loss.
- Require the State to pay loan origination fees in equal installments or in a lump-sum payment.
- Change the interest required to be set by a qualified financial institution, from a rate of 1.0% or the rate of the five-year United State Treasury note plus ¼%, to the rate of the five-year U.S. Treasury note plus 2.0%, unless otherwise provided in an appropriation act.
- Change the terms of loans under the Act from not more than five years to not more than seven years.
- Specify that from the work project funding for the program, appropriated by Public Act (PA) 45 of 2019, loans would have to be made only after March 1, 2020, and before June 1, 2020, and that should any other funds be appropriated for the program, loans from those funds could not be made before March 1 of the succeeding calendar year, unless otherwise specified in an appropriation act.
- Change a deadline for a report of the program to the State Treasurer, from March 31 each year to June 30, 2020, and June 30 for each year following any subsequent appropriation.

The bill also specifies that the estimated completion date of the work project would be September 30, 2023, that any subsequent appropriations for the program would have to be spent only for loan origination fees, subject to any other limitations provided within those appropriations, and that any future work project appropriations would have to comply with the Management and Budget Act.

MCL 286.432 et al.

## **FISCAL IMPACT**

The bill would have no additional fiscal impact on State or local government, as the program is already funded from an appropriation of \$15.0 million, General Fund/General Purpose, to the Department of Treasury, under PA 45 of 2019. The appropriation was designated as a work project, which allows the appropriation to be available for expenditure for up to 48 months following the end of the fiscal year in which the appropriation was made. To date, no funds from the appropriation have been spent.

Date Completed: 1-21-20

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