



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4234 (as enacted)
Sponsor: Representative Mark Huizenga
House Committee: Appropriations
Senate Committee: Committee of the Whole

PUBLIC ACT 45 of 2019

Date Completed: 7-10-19

CONTENT

The bill would provide supplemental appropriations of \$15.0 million General Fund/General Purpose (GF/GP) for fiscal year (FY) 2018-19 for the Qualified Agricultural Loan Origination Program, in accordance with the Agriculture Disaster Loan Origination Program Act.

The Act allows the State Treasurer to establish a "qualified agricultural loan origination program" under which a qualified financial institution makes low-interest loans to certain farmers, agricultural processors, and farm-related retailers who suffer certain losses due to an agricultural disaster recognized by the Governor, and requires the State to pay loan origination fees for administrative costs incurred by a qualified financial institution. Interest rates are required to be set by a qualified financial institution at a rate of 1.0% or at the rate of the five-year United States treasury note plus 0.25%. The Act specifies that the term of a loan may not exceed more than five years, caps at \$3.0 million the amount that may be used for loans to agricultural processors and farm-related retailers, and requires that appropriations for the program be designated as a work project.

Boilerplate

Sec. 301. Describes that the purpose of the appropriation is to provide financial assistance to the agricultural sector of this State's economy and to alleviate financial distress caused by crop damage and related economic impacts, to be accomplished by payments to qualified financial institutions for qualified agricultural loan origination fees. Designates the appropriation of \$15.0 million as a work project, with the tentative completion date being September 30, 2023.

FISCAL IMPACT

The bill would increase FY 2018-19 State GF/GP appropriations by \$15.0 million. Previous legislation, Public Act 305 of 2012, provided appropriations of \$15.0 million GF/GP for qualified agricultural loans in response to an agricultural disaster experienced by the fruit tree industry.

Fiscal Analyst: Bruce R. Baker

S1920\S4234es

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.