

SENATE BILL NO. 438

INTRODUCED BY TOWE

IN THE SENATE

February 16, 1985	Introduced and referred to Committee on Business and Industry.
February 22, 1985	Committee recommend bill do pass as amended. Report adopted.
February 23, 1985	Bill printed and placed on members' desks.
February 26, 1985	Second reading, do pass. Considered correctly engrossed.
February 27, 1985	Third reading, passed. Ayes, 50; Noes, 0. Transmitted to House.

IN THE HOUSE

March 7, 1985	Introduced and referred to Committee on Business and Labor.
March 25, 1985	Committee recommend bill be concurred in as amended. Report adopted.
March 30, 1985	Second reading, concurred in.
April 1, 1985	Third reading, concurred in. Returned to Senate with amendments.

IN THE SENATE

April 1, 1985

Received from House.

April 3, 1985

Second reading, amendments
concurrent in.

April 5, 1985

Third reading, amendments
concurrent in. Ayes, 45; Noes, 0.

Sent to enrolling.

Reported correctly enrolled.

1 Senate BILL NO. 438
 2 INTRODUCED BY Sen. [Signature]

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE
 5 QUALIFICATION REQUIREMENTS OF APPLICANTS FOR LOANS FROM THE
 6 MONTANA AGRICULTURAL LOAN AUTHORITY; REDUCING THE BONDING
 7 AUTHORITY FOR BEGINNING FARMER LOANS; AMENDING SECTIONS
 8 80-12-203, 80-12-204, AND 80-12-301, MCA; AND PROVIDING AN
 9 IMMEDIATE EFFECTIVE DATE."

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 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Section 80-12-203, MCA, is amended to read:

13 "80-12-203. Qualifications of applicants. (1) To be
 14 eligible for a loan approved by the authority for issuance
 15 of a bond, an applicant must:

- 16 (a) declare his intention to maintain his residence in
- 17 Montana during the length of the loan; and
- 18 (b) have been approved by a financial institution; and
- 19 (c) have a net worth not to exceed \$250,000.

20 (2) Applications for loans to be approved by the
 21 authority for issuance of bonds may be submitted by
 22 individuals, partnerships, associations, or joint ventures.
 23 All persons involved in the application must meet the
 24 requirements of subsection (1). Corporations, as defined in
 25 35-1-102, may not apply."

1 Section 2. Section 80-12-204, MCA, is amended to read:
 2 "80-12-204. Evaluation of applicants. (1) The
 3 authority shall by rule establish:

4 (a) procedures and standards for evaluating
 5 applications for loans to be approved by the authority for
 6 issuance of bonds; and

7 (b) a system for evaluating the applicants,
 8 considering the following criteria:

- 9 (i) the applicant's net worth ~~which may not exceed~~
- 10 ~~\$250,000;~~
- 11 (ii) the applicant's access to livestock and machinery;
- 12 ~~(iii) the applicant's inability to secure adequate~~
- 13 ~~financing for purchase of agricultural land from other~~
- 14 ~~sources at an interest rate that will allow a reasonable~~
- 15 ~~prospect for repayment;~~

16 ~~(iv)(iii)~~ the applicant's training and experience in
 17 agriculture;

18 ~~(v)(iv)~~ the applicant's prospects for succeeding in an
 19 agricultural operation on the land proposed for purchase;
 20 and

21 ~~(vi)(v)~~ any other factors it may prescribe.

22 (2) The authority shall select the best qualified and
 23 most deserving applicants from among those applying for
 24 approval of loans for issuance of bonds.

25 (3) The authority may seek the advice of such lenders



1 as the farmers home administration, the production credit
2 association, the federal land bank, private lenders, or
3 similar organizations in Montana and coordinate its program
4 through these organizations."

5 Section 3. Section 80-12-301, MCA, is amended to read:

6 "80-12-301. Issuance of bonds -- credit of the state
7 not pledged. (1) The authority may issue bonds of the state
8 of Montana in a principal amount it determines necessary to
9 provide sufficient funds for achieving any of the purposes
10 of the Montana agricultural loan authority program,
11 including the payment of interest on bonds, establishment of
12 reserves to secure the bonds, and all other expenditures of
13 the authority incident to the program.

14 (2) Each issue of its bonds is an obligation of the
15 authority, payable out of any revenues, assets, or money
16 generated by the Montana agricultural loan authority
17 program. The authority shall manage its loans so that the
18 bonds are repaid by the revenue generated by the program.
19 The full faith and credit and taxing powers of the state are
20 not pledged for the payment of bonds issued by the authority
21 under the provisions of this chapter.

22 (3) The bonds must be authorized by resolution of the
23 authority, bear a date, and mature at times the authority
24 determines. A bond may not mature more than 60 years from
25 the date of its issue. The bonds may be issued as serial

1 bonds payable in annual installments or as term bonds or as
2 a combination thereof. The bonds of the authority may be
3 sold at public or private sale, at prices determined by the
4 authority.

5 (4) The resolution shall specify:

6 (a) the rate of interest of the bonds;

7 (b) the denomination of the bonds;

8 (c) whether the bonds shall be in coupon or registered
9 form and registration privileges, if any;

10 (d) the manner and place of execution;

11 (e) the manner, place, and medium of payment; and

12 (f) the terms of redemption.

13 (5) [The total amount of bonds outstanding at any one
14 time may not exceed \$200 million.] The total amount of bonds
15 outstanding for loans to beginning farmers under part 2 may
16 not exceed \$40 million at any one time."

17 NEW SECTION. Section 4. Coordination instruction. The
18 bracketed language in section 3, referring to a limit on
19 outstanding bonds, is void if Senate Bill No. ____ (LC 1670)
20 is not passed by the 49th Legislature and approved.

21 NEW SECTION. Section 5. Effective date. This act is
22 effective on passage and approval.

-End-

APPROVED BY COMM. ON BUSINESS & INDUSTRY

SENATE BILL NO. 438
INTRODUCED BY TOWE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE QUALIFICATION REQUIREMENTS OF APPLICANTS FOR LOANS FROM THE MONTANA AGRICULTURAL LOAN AUTHORITY; REDUCING THE BONDING AUTHORITY FOR BEGINNING FARMER LOANS; AMENDING SECTIONS 80-12-203, 80-12-204, AND 80-12-301, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 80-12-203, MCA, is amended to read:

"80-12-203. Qualifications of applicants. (1) To be eligible for a loan approved by the authority for issuance of a bond, an applicant must:

(a) declare his intention to maintain his residence in Montana during the length of the loan; and

(b) have been approved by a financial institution; and

(c) have a net worth not to exceed \$250,000.

(2) Applications for loans to be approved by the authority for issuance of bonds may be submitted by individuals, partnerships, associations, or joint ventures. All persons involved in the application must meet the requirements of subsection (1). Corporations, as defined in 35-1-102, may not apply."

Section 2. Section 80-12-204, MCA, is amended to read: "80-12-204. Evaluation of applicants. (1) The authority shall by rule establish:

(a) procedures and standards for evaluating applications for loans to be approved by the authority for issuance of bonds; and

(b) a system for evaluating the applicants, considering the following criteria:

(i) the applicant's net worth, ~~which may not exceed \$250,000;~~

(ii) the applicant's access to livestock and machinery;

~~(iii) the applicant's inability to secure adequate financing for purchase of agricultural land from other sources at an interest rate that will allow a reasonable prospect for repayment;~~

~~(iv)~~(iii) the applicant's training and experience in agriculture;

~~(v)~~(iv) the applicant's prospects for succeeding in an agricultural operation on the land proposed for purchase; and

~~(vi)~~(v) any other factors it may prescribe.

(2) The authority shall select the best qualified and most deserving applicants from among those applying for approval of loans for issuance of bonds.

(3) The authority may seek the advice of such lenders

SECOND READING

SB 438



1 as the farmers home administration, the production credit
2 association, the federal land bank, private lenders, or
3 similar organizations in Montana and coordinate its program
4 through these organizations."

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10 of the Montana agricultural loan authority program,
11 including the payment of interest on bonds, establishment of
12 reserves to secure the bonds, and all other expenditures of
13 the authority incident to the program.

14 (2) Each issue of its bonds is an obligation of the
15 authority, payable out of any revenues, assets, or money
16 generated by the Montana agricultural loan authority
17 program. The authority shall manage its loans so that the
18 bonds are repaid by the revenue generated by the program.
19 The full faith and credit and taxing powers of the state are
20 not pledged for the payment of bonds issued by the authority
21 under the provisions of this chapter.

22 (3) The bonds must be authorized by resolution of the
23 authority, bear a date, and mature at times the authority
24 determines. A bond may not mature more than 60 years from
25 the date of its issue. The bonds may be issued as serial

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13 (5) {The total amount of bonds outstanding at any one
14 time may not exceed \$200 \$40 million.} ~~The total amount of~~
15 ~~bonds outstanding for loans to beginning farmers under part~~
16 ~~2 may not exceed \$40 million at any one time.~~"

17 NEW SECTION. Section 4. Coordination instruction. The
18 bracketed language in section 3, referring to a limit on
19 outstanding bonds, is void if Senate Bill No. 425 is not
20 passed by the 49th Legislature and approved.

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19 agricultural operation on the land proposed for purchase;
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THIRD READING

SB 438

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-End-

STANDING COMMITTEE REPORT

HOUSE

March 25 19 85

MR. SPEAKER

We, your committee on BUSINESS AND LABOR

having had under consideration SENATE Bill No. 438

third reading copy (blue color)

CHANGES ELIGIBILITY FOR BEGINNING FARMER LOANS AND REDUCES BOND AUTHORITY

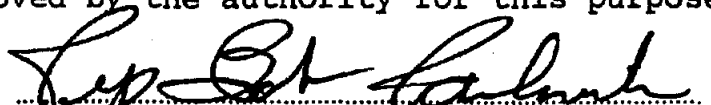
Respectfully report as follows: That SENATE Bill No. 438

BE AMENDED AS FOLLOWS:

1. Title, line 7
Following: "LOANS;"
Insert: "CLARIFYING APPROVAL PROCESS FOR TAX DEDUCTION TO SELLER OF AGRICULTURAL LAND;"
2. Title, line 8
Following: "80-12-204,"
Insert: "80-12-211,"
3. Page 4, line 17
Strike: Section 4 in its entirety
Insert: "Section 4. Section 80-12-211, MCA, is amended to read:
"80-12-211. Income tax deduction for land sale to beginning farmers. A landowner who sells land consisting of 80 acres or more to a beginning farmer at 9% or less interest on a long-term contract is entitled to a reduction in his taxable income in an amount equal to 100% of any income or capital gain, or both, realized and otherwise subject to state income ~~XXXXXX~~ taxes from the sale, up to a maximum of \$50,000, provided the transaction is first approved by the authority for this purpose."

BE CONCURRED IN AS AMENDED

543/25


Rep. Bob Pavlovich, Chairman.

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SB 438

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22 SECTION 4. SECTION 80-12-211, MCA, IS AMENDED TO READ:

23 "80-12-211. Income tax deduction for land sale to
 24 beginning farmers. A landowner who sells land consisting of
 25 80 acres or more to a beginning farmer at 9% or less

1 interest on a long-term contract is entitled to a reduction
2 in his taxable income in an amount equal to 100% of any
3 income or capital gain, or both, realized and otherwise
4 subject to state income taxes from the sale, up to a maximum
5 of \$50,000, provided the transaction is first approved by
6 the authority for this purpose."

7 NEW SECTION. Section 5. Effective date. This act is
8 effective on passage and approval.

-End-