

**SUBSTITUTE FOR
SENATE BILL NO. 14**

A bill to amend 1855 PA 105, entitled

"An act to regulate the disposition of the surplus funds in the state treasury; to provide for the deposit of surplus funds in certain financial institutions; to lend surplus funds pursuant to loan agreements secured by certain commercial, agricultural, or industrial real and personal property; to authorize the loan of surplus funds to certain municipalities; to authorize the participation in certain loan programs; to authorize an appropriation; and to prescribe the duties of certain state agencies,"

by amending section 2e (MCL 21.142e), as amended by 2004 PA 342.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2e. (1) The state treasurer may loan not more than
2 \$5,000,000.00 in surplus funds, without interest, to sugar beet
3 growers' cooperatives for the purpose of purchasing the assets of 1
4 or more agricultural processors if all of the following conditions
5 are met:

1 (a) The agricultural processor employs at least 300 full-time
2 employees and 1,000 seasonal employees and is in bankruptcy
3 proceedings or was in bankruptcy proceedings at any time during the
4 1-year period preceding the date of the loan.

5 (b) The loan amount does not exceed 10% of the total purchase
6 price of the agricultural processor's assets.

7 (c) The loan is for a period not to exceed ~~5~~10 years.

8 (2) In addition to the conditions provided in subsection (1),
9 the state treasurer may prescribe additional terms of a loan issued
10 under this section.

11 (3) In the case of a loan executed under subsection (1), the
12 state treasurer, as part of the modification of the loan, shall
13 subordinate the loan to the primary loan of the sugar beet growers'
14 cooperative and shall relinquish any enforcement powers or
15 authority that may exist under the current contract or agreement.
16 The modification shall be for not more than a \$5,000,000.00 loan to
17 a sugar beet growers' cooperative for the purpose of purchasing the
18 assets of 1 or more agricultural processors that employ at least
19 300 full-time employees and 1,000 seasonal employees. **HOWEVER, THE**
20 **MODIFICATION AGREEMENT FOR THE LOAN EXTENSION PROVIDED FOR BY THE**
21 **AMENDATORY ACT THAT ADDED THIS SENTENCE SHALL PROVIDE THAT IF A**
22 **QUARTERLY PAYMENT IS MISSED BY THE BORROWER AFTER FEBRUARY 15,**
23 **2007, THE ENTIRE LOAN IS IN DEFAULT AND IS DUE AND PAYABLE**
24 **IMMEDIATELY, IN FULL.**

25 (4) As used in this section, "sugar beet growers' cooperative"
26 means a farmer owned cooperative comprised of sugar beet growers
27 who own the assets of the cooperative and use the cooperative's

1 services or processing equipment.