

## **AGRICULTURAL DISASTER LOAN ORIGATION PROGRAM**

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<http://www.house.mi.gov/hfa>

**Senate Bill 693 as passed by the Senate**  
**Sponsor: Sen. Dan Lauwers**  
**House Committee: Appropriations**  
**Senate Committee: Appropriations**  
**Complete to 2-3-20**

Analysis available at  
<http://www.legislature.mi.gov>

### **SUMMARY:**

Senate Bill 693, which would amend the Agricultural Disaster Loan Origination Program Act, would do the following:

- Add “qualified loss” as a defined term to mean a reduction of gross revenue from any agricultural commodity after receipt of any insurance proceeds and other reimbursements as a result of the same crop loss. All references to losses would be amended to refer to qualified losses.
- Authorize the state to make loan origination fees in equal installments over the term of the work project appropriation or in a lump-sum payment. Loan origination fees currently must be made in five equal installments.
- Revise the available interest rate on the qualified loan, from 1.0% or the rate of the five-year U.S. Treasury note plus 0.25%, to the rate of a five-year U.S. Treasury note plus 2.0%, unless otherwise provided in an appropriation act.
- Lengthen the maximum term of the qualified loan from five years to seven years, unless otherwise provided in an appropriation act.
- Remove the requirement that the first principal payment required under the loan shall not occur before 24 months after the issuance of the loan.
- Stipulate that the funds appropriated in 2019 PA 45 shall be used to pay loan origination fees for loans made after March 1, 2020, and before June 1, 2020. The bill also states that, for any additional appropriations made for this program, a financial institution shall not make any qualified agricultural loans before March 1 of the immediately succeeding calendar year or as otherwise provided in an appropriation act.
- Revise the date by which a qualified financial institution must report the principal amount of loans made under the program from March 31 each year to June 30, 2020, and June 30 for each year following any subsequent appropriation.
- Specify that the estimated completion date of the work project is September 30, 2023.
- Require that any subsequent funds appropriated for this program shall be expended solely to pay loan origination fees and be subject to any other limitations provided in the appropriation act and stipulate that any subsequent work project appropriation for this program shall be in compliance with the Management and Budget Act.

MCL 286.432 et al.

**FISCAL IMPACT:**

The bill would have no fiscal impact on state or local government. The program received a \$15.0 million appropriation in 2019 PA 45 and, to date, no funds have been spent. The funds are currently considered work project appropriations and are available for expenditure through September 30, 2023.

Fiscal Analyst: Ben Gielczyk

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