A bill for an act

relating to agriculture; providing no-interest loans for dairy farmers to purchase additional mature dairy cows; proposing coding for new law in Minnesota Statutes, chapter 41B.

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

Section 1. **[41B.0455] DAIRY STABILIZATION LOAN PROGRAM.**

Subdivision 1. **Establishment.** The authority shall establish, adopt rules for, and implement a direct, no-interest loan program to assist each Minnesota dairy operator who applies and is eligible in the acquisition of up to six additional mature dairy cows.

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Applicant" means a dairy operator that has applied to the authority for a dairy stabilization loan.

(c) "Borrower" means a dairy operator that has been approved by the authority for a dairy stabilization loan.

(d) "Minnesota dairy operator" or "dairy operator" means an entity that is not prohibited from owning agricultural land under section 500.24 and that is registered with the Department of Agriculture as a dairy producer or, if the operator is not currently a dairy producer, would meet eligibility criteria under section 41B.03, subdivision 3, paragraph (a), clauses (1), (4), (7), and (8).

(e) "Dairy stabilization loan" means a direct loan from the authority to a qualifying dairy operator in an amount not to exceed $6,000 for purposes of allowing the dairy operator to purchase up to six mature dairy cows for inclusion in the dairy operator's farming operation.

(f) "Mature dairy cow" or "cow" means a bovine of a breed commonly recognized as suited for dairying applications that is a bred heifer or is lactating or has been through at least one lactation cycle.

Subd. 3. **Application forms; procedures; limits.** (a) Not later than October 1, 2007, the authority shall provide application forms and instructions at dairy processing facilities and at places reasonably accessible to the public. A printable version of the forms and instructions may also be made available on an Internet site.

(b) An applicant for a no-interest loan must complete the loan application forms and submit them, along with a written dairy business plan and any additional documentation required by the authority, to the authority within the eligibility timeline.

(c) A loan under this program must be used only for the acquisition of mature dairy cows. The maximum number of cows that can be financed for any dairy operation or dairy operator is six, and the maximum amount of financing per cow is $1,000.

(d) The maximum term of a loan is six years.

(e) No dairy operator is eligible for more than one loan under this program.

Subd. 4. **Review of applications.** Not later than 30 calendar days after receipt of a properly completed application for a dairy stabilization loan, the authority must approve or deny the application. If the loan is approved, the authority must issue a letter of commitment to the applicant. Within ten business days after the authority receives proof from the applicant that up to six cows have been purchased, the authority must make payment to the borrower or a local lender that has provided credit to the borrower on the basis of the authority's letter of commitment.

Subd. 5. **Repayment of loans.** (a) A borrower must repay the principal amount of a dairy stabilization loan not later than six years from the date the loan is issued to the borrower. The schedule for repayment must be at the option of the borrower and may include a balloon payment on the sixth anniversary of the loan.

(b) If at any time during the term of a loan the borrower no longer qualifies as a Minnesota dairy operator, the loan immediately becomes payable in full.