

SENATE

STATE OF MINNESOTA

EIGHTY-NINTH SESSION

S.F. No. 1887

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DATE	D-PG	OFFICIAL STATUS
03/19/2015	1047	Introduction and first reading Referred to Jobs, Agriculture and Rural Development

1.1

A bill for an act

1.2

relating to commerce; establishing a State Bank of Minnesota; authorizing

1.3

beginning farmer loans; appropriating money; amending Minnesota Statutes

1.4

2014, section 16A.27, subdivisions 1, 3, 5; proposing coding for new law as

1.5

Minnesota Statutes, chapter 48B; repealing Minnesota Statutes 2014, section

1.6

16A.27, subdivision 4.

1.7

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

1.8

Section 1. Minnesota Statutes 2014, section 16A.27, subdivision 1, is amended to read:

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Subdivision 1. **Commissioner to comply.** The commissioner shall, in the public

1.10

interest, control the amount and manner of deposit of state funds in ~~depositories~~ the State

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Bank of Minnesota by the commissioner. The commissioner shall comply with the controls.

1.12

Sec. 2. Minnesota Statutes 2014, section 16A.27, subdivision 3, is amended to read:

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Subd. 3. **Competitive bids.** The depository for a all state ~~account must be~~

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~~selected by competitive bid. The commissioner shall invite bids by written notice to~~

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~~designated depositories. The notice must specify the considerations, financial activities,~~

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~~and conditions the commissioner requires for the bid. The account must be awarded to~~

1.17

~~the lowest bidding depository that can, in the opinion of the commissioner, meet the~~

1.18

~~requirements~~ accounts shall be the State Bank of Minnesota.

1.19

Sec. 3. Minnesota Statutes 2014, section 16A.27, subdivision 5, is amended to read:

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Subd. 5. **Charges, compensating balances.** The commissioner may pay a

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~~depository~~ the State Bank of Minnesota a reasonable charge from appropriated money,

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maintain appropriate compensating balances with the ~~depository~~ State Bank of Minnesota,

or purchase non-interest-bearing certificates of deposit from the depository State Bank of Minnesota for performing depository related services.

Sec. 4. **[48B.01] DEFINITIONS.**

Subdivision 1. **Bank.** "Bank" means the State Bank of Minnesota.

Subd. 2. **Board.** "Board" means the Board of Directors of the State Bank of Minnesota.

Sec. 5. **[48B.02] CREATION OF STATE BANK OF MINNESOTA.**

The State Bank of Minnesota is created for the purpose of facilitating and supporting agriculture, commerce, and industry in this state. The State Bank of Minnesota shall be fully owned by this state, and shall engage in the business of banking.

Sec. 6. **[48B.03] BOARD OF DIRECTORS.**

Subdivision 1. **Size.** The business of the bank must be managed by a board of nine directors. Every director of the bank shall take and subscribe an oath to faithfully perform the official duties of director, and not knowingly violate, or permit to be violated, any provision of the law. The taking of this oath must be duly certified in the minutes of the records of the bank.

Subd. 2. **Chair.** One director shall be elected by a majority of the directors as the chair of the board.

Subd. 3. **Appointment.** The governor shall appoint all directors.

Subd. 4. **Vacancies.** The term of a director is two years.

Sec. 7. **[48B.04] AUTHORITY OF BOARD OF DIRECTORS.**

Subdivision 1. **Operations.** The board shall meet regularly with the management level employees of the bank to review the bank's operations to determine whether changes and directions should be given by the board regarding improvement to the management, performance, customer service, internal methods, procedures, and operating policies of the bank.

Subd. 2. **Actions.** The board shall act on behalf of the bank with respect to the powers and functions of the bank.

Sec. 8. **[48B.05] OFFICERS; APPOINTMENT; REMOVAL.**

The board shall have full power and authority at any time to appoint and remove any officer or employee. The bank must have a president, secretary, and treasurer and may

have one or more vice presidents. The president may act on behalf of the bank, and the vice presidents may act as managing officers of detached facilities of the bank.

Sec. 9. **[48B.06] POWERS.**

The bank shall have all the powers, abilities, and duties provided to a state bank under chapter 48.

Sec. 10. **[48B.07] GUARANTY OF DEPOSITS; EXEMPTION FROM TAXATION.**

All deposits in the bank are guaranteed by the state. All deposits in the bank are exempt from any and all state, county, and municipal taxes.

Sec. 11. **[48B.08] LENDING TO BEGINNING FARMERS.**

Subdivision 1. **Beginning farmer.** For the purposes of this section "beginning farmer" has the meaning given in section 41C.02, subdivision 6.

Subd. 2. **Loan fund; appropriation.** A revolving loan fund must be maintained in the bank for the purposes of making or participating in loans to beginning farmers for the purchase of agricultural real estate, equipment, and livestock. All money transferred into the fund, interest upon money in the fund, and payments to the fund of principal and interest on loans made from the fund are appropriated to the chair for the purpose of providing loans, and supplementing the interest rate on loans, made by the bank to beginning farmers.

Subd. 3. **Administration.** The revolving loan fund and loans made from the fund must be administered and supervised by the bank. The bank may deduct a service fee for administering the fund from interest payments received on loans. An application for a loan from the fund must be made to the bank and, upon approval, a loan must be made from the fund in accordance with this section.

Subd. 4. **Amount.** A loan from the revolving loan fund may not exceed 80 percent of the appraised value of the agricultural collateral, with the actual percentage to be determined by the bank. The bank may establish additional terms and conditions necessary to make a loan under this section. A loan from the fund must have a first security interest.

Subd. 5. **Interest rate.** A loan made from the revolving loan fund must have the interest rate fixed at one percent below the bank's then current base rate for the first five years with a maximum rate of six percent per year and variable rate at one percent below the bank's then current base rate for the second five years. During the second five years, the variable rate must be adjusted annually on the anniversary date of the loan. The rate during the remaining term of the loan will float at the bank's base rate as in effect from time to time.

4.1 Subd. 6. **Term.** The maximum term of a real estate loan under this section shall be
4.2 30 years. The maximum term of a farm equipment or livestock loan under this section
4.3 is seven years.

4.4 Sec. 12. **[48B.09] RULEMAKING.**

4.5 The board shall adopt rules under chapter 14 to implement this chapter.

4.6 Sec. 13. **APPROPRIATION; BEGINNING FARMER LOANS.**

4.7 \$..... is appropriated in fiscal year 2016 from the general fund to the chair for the
4.8 purpose of funding the beginning farmer revolving loan fund.

4.9 Sec. 14. **REPEALER.**

4.10 Minnesota Statutes 2014, section 16A.27, subdivision 4, is repealed.

APPENDIX
Repealed Minnesota Statutes: 15-2618

16A.27 STATE FUNDS; DEPOSIT; CONTROL BY COMMISSIONER.

Subd. 4. **Exceptions.** In exceptional cases, the commissioner may dispense with bidding. The commissioner shall report the circumstances and reasons to the Legislative Audit Commission within five days after opening the account.