



## **HB 415 and Senate Bill 281 – Agricultural Linked Deposit**

House Bill 415 (Sprague, Hill) and Senate Bill 281 (Beagle) are bills to expand the Agricultural Linked Deposit Program in Ohio. The legislation expands both the available per-loan amount from \$100,000 to \$150,000. It also expands the total funds available to the program from \$125 million per fiscal year to \$165 million. Ohio Farm Bureau policy supports the Agricultural Linked Deposit Program and supports an expansion of the program, specifically an increase in individual loans above the current \$100,000 threshold.

### **Background**

In the 1980's, state lawmakers passed legislation to give the Ohio Treasurer's office the ability to invest up to 12% of the state's investment portfolio in projects that support job growth, promote financial stability, and assist the operations of Ohio's farmers. To fund such programs, the Treasury makes investments with approved financial institutions, who, in turn, invest the money in Ohio businesses and Ohioans. The state agrees to earn lower rates when participating banks partner with the Treasury to offer loans that promote economic development in Ohio. There are five of these linked deposit programs in Ohio: AgLINK, GrowNOW, SaveNOW, ECO-link, and Renew-Rebuild. Of the five programs, only AgLINK is subject to statutory minimums and, thus, the increases in program funding require legislation.

The current per-loan amount of \$100,000 available to a farmer under AgLINK is not generally considered a realistic amount by many program participants. General farm operating expenses through inflation and cost of inputs have dramatically increased in the past decade. Often, loans made through the program exceed \$100,000, requiring an additional step to identify a second loan source in order to meet financial needs. The increase from \$100,000 to \$150,000 helps keep the program relevant for our Ohio farmers and reduces unnecessary extra steps in utilizing the program. Increasing the total funds available to AgLink from \$125 million per year to \$165 million per year not only keeps up with the general growth within the treasury, but also permits the state to expand individual loan amounts without significantly reducing the number of farmers who are able to participate. This change will make AgLink an even better program for Ohio's farmers, especially younger farmers who have more limited access to capital. The bill also makes changes recommended by the Treasurer's office to make the statute more in line with current financial practices.

According to the State Treasurer's office, for more than 25 years Ag-LINK has been increasing opportunities for Ohio's farmers to operate and thrive by offering a reduced interest rate on operating loans and credit lines. Since the beginning of Ag-LINK, more than 40,000 farmers have received over \$2.8 billion in reduced-rate financing.

**NOTE: 2012 Ag-LINK application period ends on Friday, March 9, 2012, at 5:00pm.** To apply or for more information, visit the Treasurer's website at: <http://www.tos.ohio.gov/aglink> or speak with your bank or farm credit lender.