

ANALYSIS OF THE BEGINNING FARMER REVOLVING LOAN FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS

	2005-07 Biennium		2007-09 Biennium	
Beginning cash balance		\$10,137,959		\$4,915,972
Add estimated revenues				
Loan principal payments	\$4,050,000		\$4,250,000	
Loan interest payments	841,813		956,358	
Investment interest	336,000		375,000	
Total estimated revenues		5,227,813		5,581,358
Total available		\$15,365,772		\$10,497,330
Less estimated expenditures and transfers				
New chattel loans	\$3,975,000		\$4,000,000	
Buydown interest disbursed	1,725,000		1,900,000	
Transfer to Ag PACE fund (2005 SB 2014; 2005 SB 2020)	2,225,000			
Transfer to PACE fund	2,000,000			
Transfer to agriculture fuel tax fund (2005 SB 2014)	425,000			
Transfer to Public Service Commission for the rail rate complaint case (2005 HB 1008; 2007 SB 2008)			800,000 ¹	
ENVEST program (2007 HB 1135)			1,000,000 ²	
Biomass incentive and research fund (2007 HB 1515)			1,000,000	
Administrative fees	93,000		96,000	
Audit fees	6,800		7,000	
Total estimated expenditures and transfers		10,449,800		8,803,000
Estimated ending cash balance		\$4,915,972 ³		\$1,694,330 ⁴

¹Public Service Commission - Senate Bill No. 1008 (2005) appropriated \$800,000 to the Public Service Commission for part of the cost of filing a "simplified" rail rate complaint case with the Surface Transportation Board. A rail rate complaint case will not be filed during the 2005-07 biennium. Senate Bill No. 2008 (2007) provides for a carryover of \$800,000 to the Public Service Commission for the 2007-09 biennium. Any unexpended funds from the rail rate complaint case line item are available for use for expenditures relating to the agriculture rail rate and service fund.

²ENVEST program - House Bill No. 1135 (2007) provides for a transfer up to \$1 million per biennium of unobligated funds to the value-added agriculture equity loan program for the purpose of interest buydown on loans made for investment in a feedlot or dairy operation.

³In addition to the cash balance as of June 30, 2007, the beginning farmer revolving loan fund is estimated to have net loans outstanding of \$8.75 million.

⁴In addition to the cash balance as of June 30, 2009, the beginning farmer revolving loan fund is estimated to have net loans outstanding of \$8.5 million.

FUND HISTORY

The beginning farmer revolving loan fund originated in 1983 with passage of Senate Bill No. 2220, now codified as North Dakota Century Code Section 6-09-15.5, and was established by a \$5 million transfer from the Bank of North Dakota. The Bank of North Dakota supervises and administers the beginning farmer revolving loan fund and the loans made by the fund. The loan fund was established for the purpose of making or participating in loans to North Dakota beginning farmers for the purchase of agricultural real estate, equipment, and livestock. The fund is a revolving fund, and 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 for the purpose of providing loans and to supplement the interest rate on loans to beginning farmers. A loan made from the fund may not exceed 80 percent of the appraised value of the agricultural collateral, with the actual percentage to be determined by the Bank of North Dakota. The maximum term of a real estate loan is 25 years, and the maximum term of a farm equipment or livestock loan is 7 years.

North Dakota Century Code Section 6-09-15.5 provides that notwithstanding any other provision of law, the Bank of North Dakota may transfer any unobligated funds between funds that have been appropriated by the Legislative Assembly for interest buydown in the beginning farmer revolving loan fund and the agriculture partnership in assisting community expansion (Ag PACE) fund.