

## ANALYSIS OF THE BEGINNING FARMER REVOLVING LOAN FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS

	2007-09 Biennium		2009-11 Biennium	
Beginning cash balance		\$4,835,305		\$4,533,412
Add estimated revenues				
Loan principal payments	\$5,302,000		\$5,500,000	
Loan interest payments	938,000		900,000	
Investment interest	145,000		90,000	
Total estimated revenues		6,385,000		6,490,000
Total available		\$11,220,305		\$11,023,412
Less estimated expenditures and transfers				
New chattel loans	\$4,380,000		\$4,500,000	
Buydown interest disbursed	2,144,000		2,200,000	
Public Service Commission for the rail rate complaint case (2007 SB 2008; 2009 HB 1008)			800,000 <sup>1</sup>	
ENVEST program (2007 HB 1135)	38,511 <sup>2</sup>		965,489 <sup>2</sup>	
Biomass incentive and research fund (2007 HB 1515)	30,000			
Administrative fees	86,382		90,000	
Audit fees	8,000		8,500	
Total estimated expenditures and transfers		6,686,893		8,563,989
Estimated ending cash balance		\$4,533,412 <sup>3</sup>		\$2,459,423 <sup>4</sup>

<sup>1</sup>Public Service Commission - House 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 was not filed during the 2005-07 biennium and no cases are anticipated to be filed during the 2007-09 biennium. Senate Bill No. 2008 (2007) and House Bill No. 1008 (2009) provide for a carryover of \$800,000 to the Public Service Commission for the 2007-09 and 2009-11 bienniums, respectively. 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.

<sup>2</sup>ENVEST 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.

<sup>3</sup>In addition to the cash balance as of June 30, 2009, the beginning farmer revolving loan fund is estimated to have net loans outstanding of \$8.4 million.

<sup>4</sup>In addition to the cash balance as of June 30, 2011, 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.