



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB5117

Introduced 2/8/2012, by Rep. Wayne Rosenthal

#### SYNOPSIS AS INTRODUCED:

20 ILCS 3501/830-60 new

Amends the Illinois Finance Authority Act. Creates the Rural Natural Gas Expansion Loan Guarantee Program. Authorizes the Authority to issue State Guarantees to lenders for loans to agribusinesses for the purpose of expanding or increasing capacity of natural gas lines for their agribusiness. Provides that lenders shall apply for the State Guarantees on forms provided by the Authority. Provides that the lender must agree to charge an interest rate, which may vary, that the Authority determines to be below the market rate of interest generally available to the agribusiness. Provides that a State Guarantee shall not exceed \$5,000,000 per agribusiness. Provides that the Illinois Farmer and Agribusiness Loan Guarantee Fund may be used to secure State Guarantees.

LRB097 15665 PJG 60807 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Finance Authority Act is amended by  
5 adding Section 830-60 as follows:

6 (20 ILCS 3501/830-60 new)

7 Sec. 830-60. Rural Natural Gas Expansion Loan Guarantee  
8 Program.

9 (a) The Authority is authorized to issue State Guarantees  
10 to lenders for loans to agribusinesses for the purpose of  
11 expanding or increasing capacity of natural gas lines for their  
12 agribusinesses. "Agribusiness" has the meaning provided in  
13 Section 801-10 of this Act.

14 (b) The Authority may approve applications for natural gas  
15 line expansions and upgrades by agribusinesses that promote  
16 expansion and diversification of the agricultural economy.  
17 Lenders shall apply for the State Guarantees on forms provided  
18 by the Authority and certify that the application and any other  
19 documents submitted are true and correct. The lender or  
20 borrower, or both in combination, shall pay an administrative  
21 fee as determined by the Authority. The application shall, at a  
22 minimum, contain the agribusiness' name, address, present  
23 credit and financial information, including cash flow

1 statements, financial statements, balance sheets, and any  
2 other information pertinent to the application, and the  
3 collateral to be used to secure the State Guarantee. The lender  
4 must agree to charge an interest rate, which may vary, on the  
5 loan that the Authority determines to be below the market rate  
6 of interest generally available to the borrower. If both the  
7 lender and applicant agree, the interest rate on the State  
8 guaranteed loan can be converted to a fixed interest rate at  
9 any time during the term of the loan.

10 (c) Any State Guarantee provided under this Section (i)  
11 shall not exceed \$5,000,000 per agribusiness, (ii) shall not  
12 exceed a term of 15 years, and (iii) shall be subject to an  
13 annual review and renewal by the lender and the Authority. Only  
14 one such State Guarantee shall be made per agribusiness per  
15 location. A State Guarantee shall not be revoked by the  
16 Authority without a 90-day notice, in writing, to all parties.

17 (d) The lender shall not call due any loan for any reason  
18 except for lack of performance, insufficient collateral, or  
19 maturity. A lender may review and withdraw or continue with a  
20 State Guarantee on an annual basis after the first 5 years  
21 following closing of the loan application if the loan contract  
22 provided for an interest rate that shall not vary. A lender  
23 shall not withdraw a State Guarantee if the loan contract  
24 provides for an interest rate that may vary, except for reasons  
25 set forth in the contract.

26 (e) The Authority shall provide or renew a State Guarantee

1 to a lender if:

2 (1) the lender pays a fee equal to 25 basis points on  
3 the loan to the Authority on an annual basis;

4 (2) the application provides collateral acceptable to  
5 the Authority that is at least equal to the State's portion  
6 of the Guarantee to be provided;

7 (3) the lender assumes all responsibility and costs for  
8 pursuing legal action on collecting any loan that is  
9 delinquent or in default; and

10 (4) the lender is at risk for the first 15% of the  
11 outstanding principal of the note for which the State  
12 Guarantee is provided.

13 (f) The Illinois Farmer and Agribusiness Loan Guarantee  
14 Fund may be used to secure State Guarantees issued under this  
15 Section as provided in Section 830-35.

16 (g) Notwithstanding the provisions of this Section 830-60,  
17 with respect to the agribusinesses that may obtain State  
18 Guarantees, the Authority may promulgate rules establishing  
19 the eligibility of agribusinesses and lenders to participate in  
20 the State Guarantee program and the terms, standards, and  
21 procedures that will apply, if the Authority finds that  
22 emergency conditions in Illinois agriculture have created the  
23 need for State Guarantees pursuant to terms, standards, and  
24 procedures other than those specified in this Section.