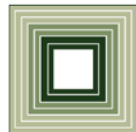


# **Overview** of the **Agricultural Finance Authority**

March 18, 2015



**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

# Purpose

“To alleviate the shortage of capital and credit available for investment in agriculture, for domestic and export purposes, at interest rates within the financial means of persons engaged in agricultural production and agricultural exports”

# Background

- Created in 1986 – G.S. 122D
- Governance (10-member Authority):
  - Commissioner of Agriculture (or designee) – (Ex-officio)
  - Governor – 3
  - Senate President Pro Tempore – 3
  - Speaker of the House – 3
- 5 FTEs

# What Can They Do?

- Purchase or sell agricultural loans
- Issue debt for authority activities
- Issue debt for agricultural operations
- Provide funds/loans to financial institutions to provide agricultural loans
- Purchase insurance on agricultural loans

# What Do They Do?

## Two Primary Functions

- 1) Issue Loans to Agribusinesses/ Farmers  
(typically w/ USDA risk guarantee support)
- 2) Conduit debt issuer
  - i. Tax-exempt bonds
  - ii. Qualified Energy Conservation Bonds (QECCBs)

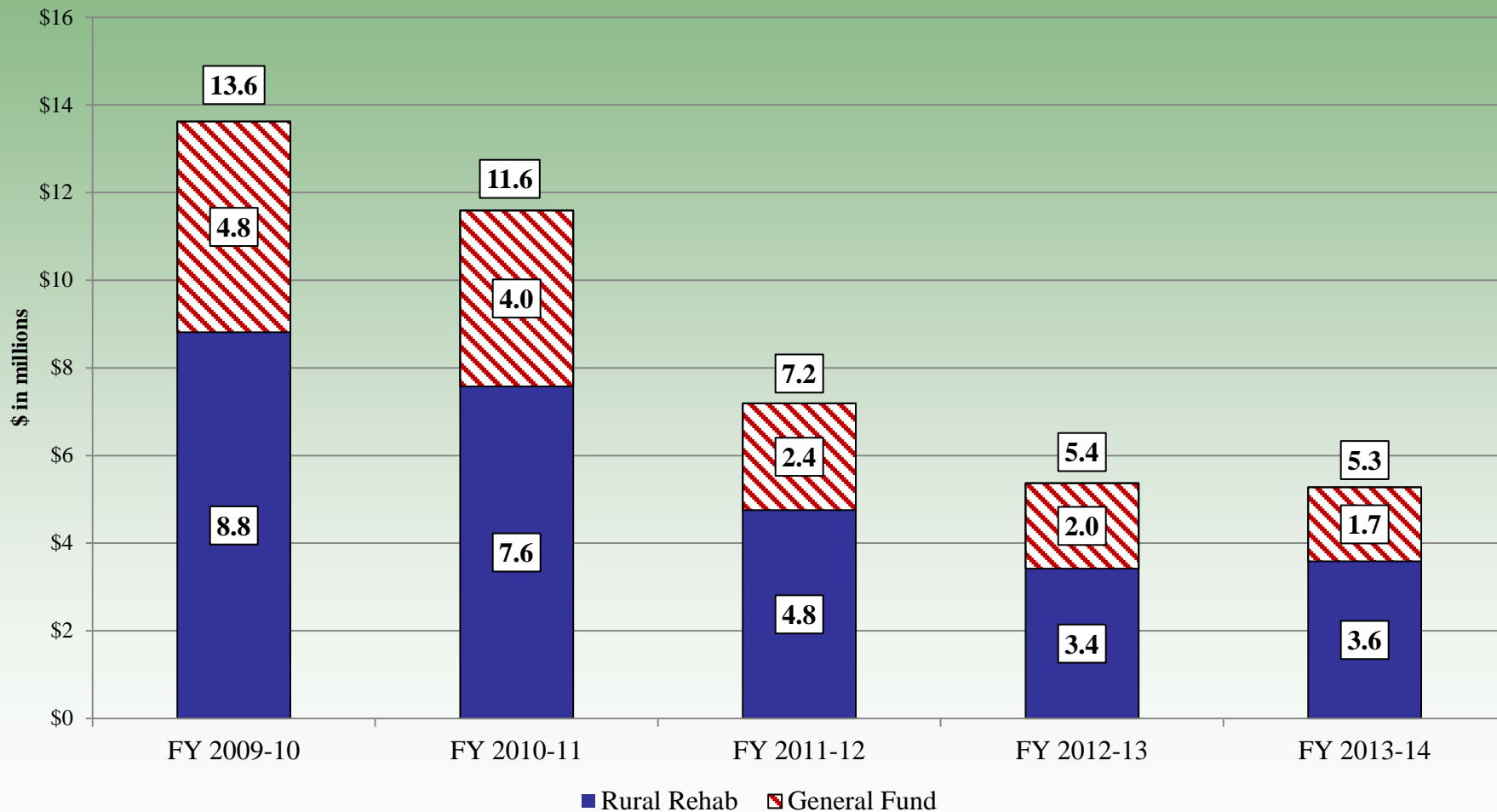
# Funding History

- General Fund Appropriations:
  - \$2.2 million – FY 1986-87
  - \$200,000 – FY 1995-96
  - \$129,400 – FY 2001-02
- Rural Rehab. Corp. Transfer – FY 2001-02
  - Received \$8.8 million in assets from Rural Rehab. Corp. (balance includes funds/notes receivable)
  - Federal funds to benefit rural areas

# Current Funding Sources

- Loan application and initiation fees
- Bond issuance fees
- Loan interest
- Sale of loans in secondary market
- Interest income on Authority funds

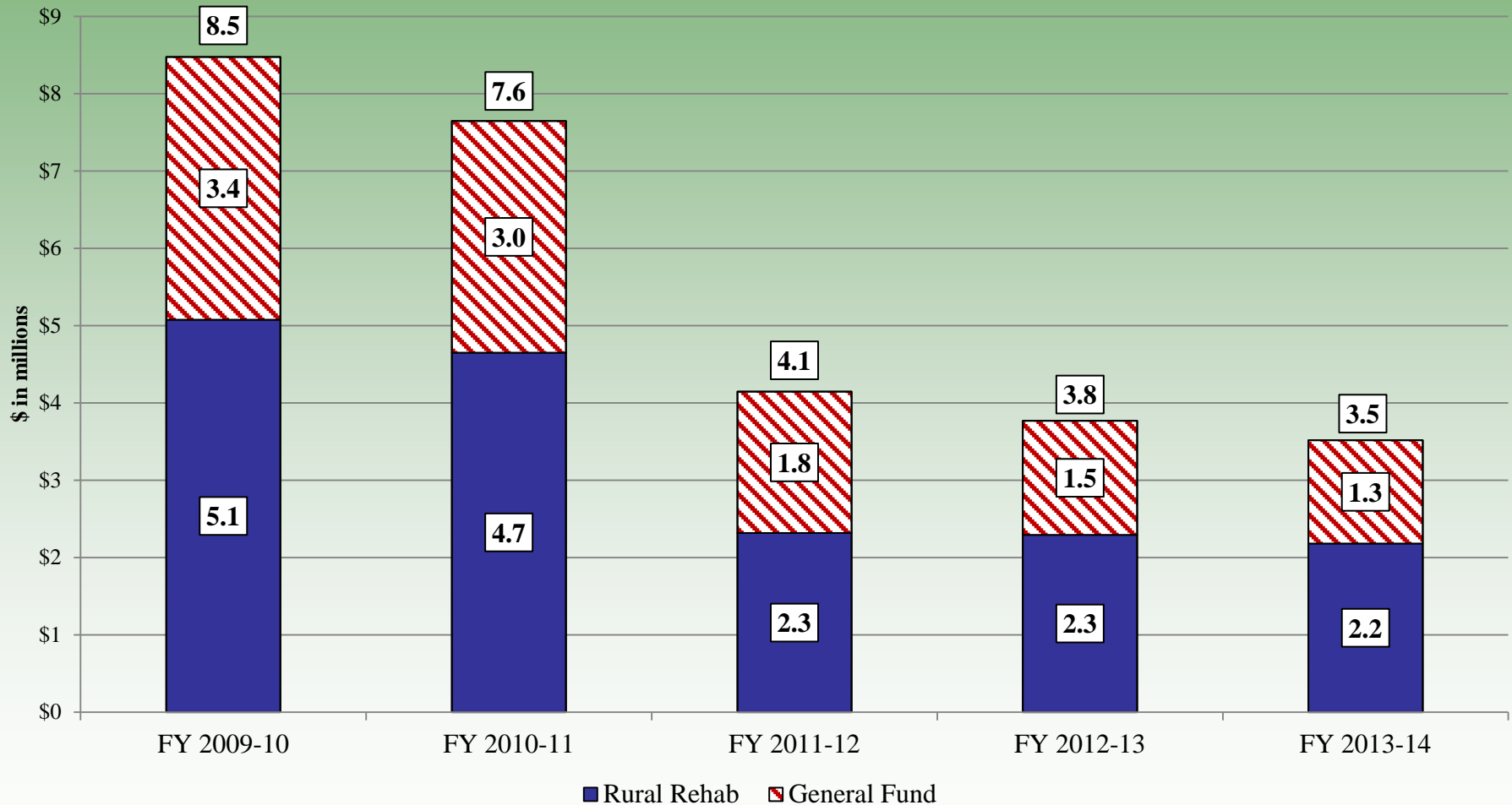
# Total Loans Outstanding



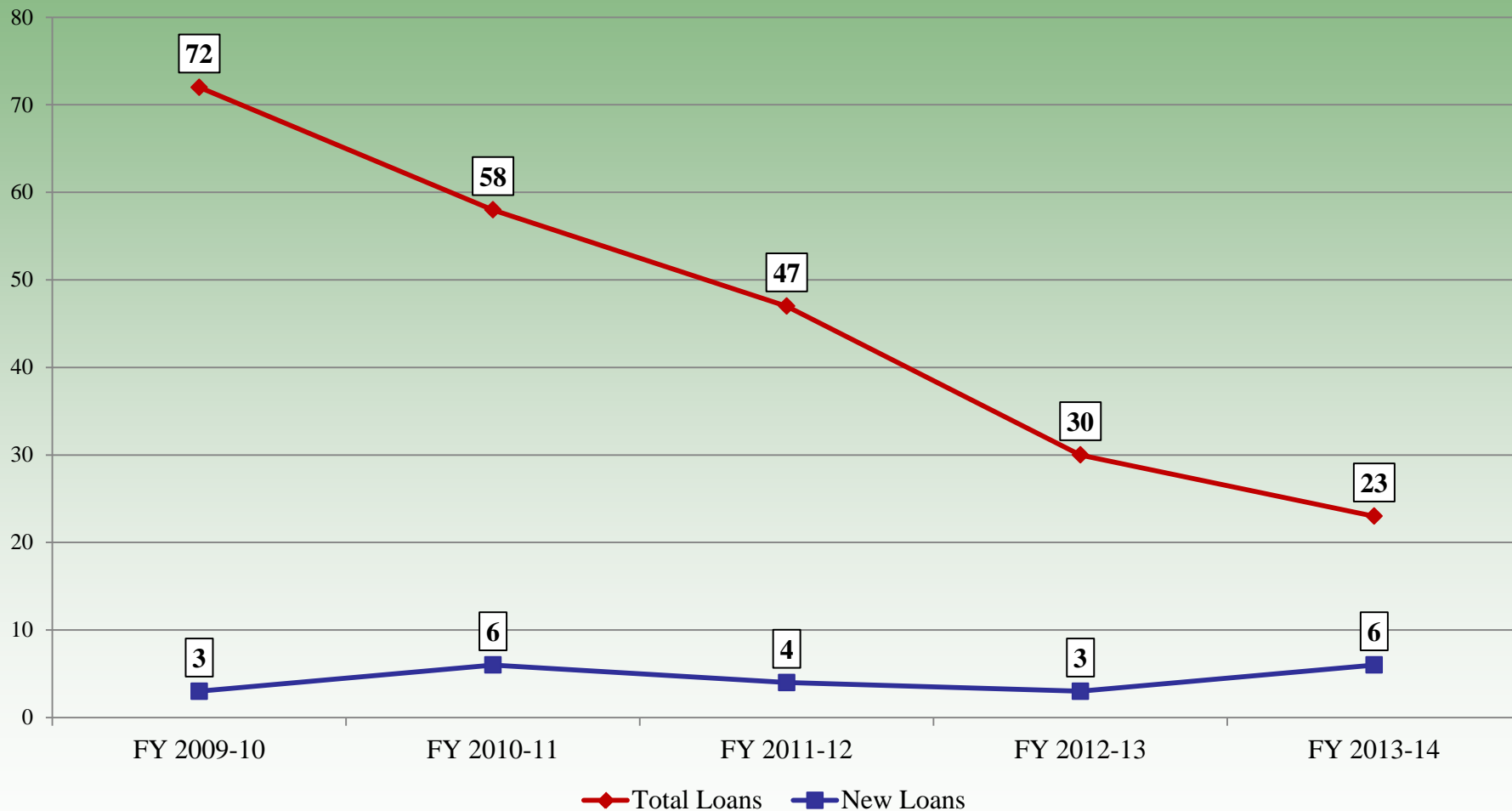


# Net Loans Outstanding

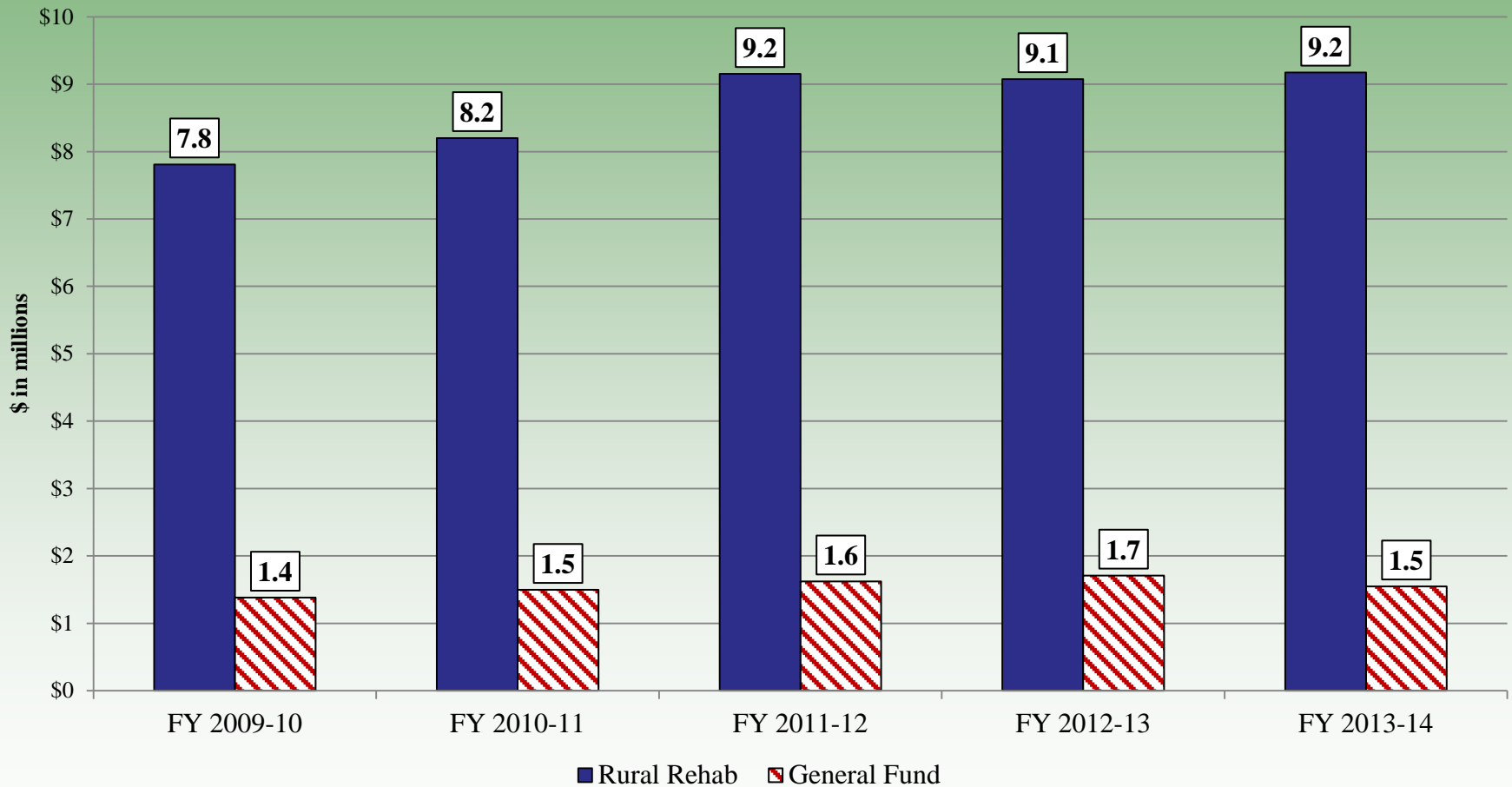
(Total Loans – Investor Owned = Net)



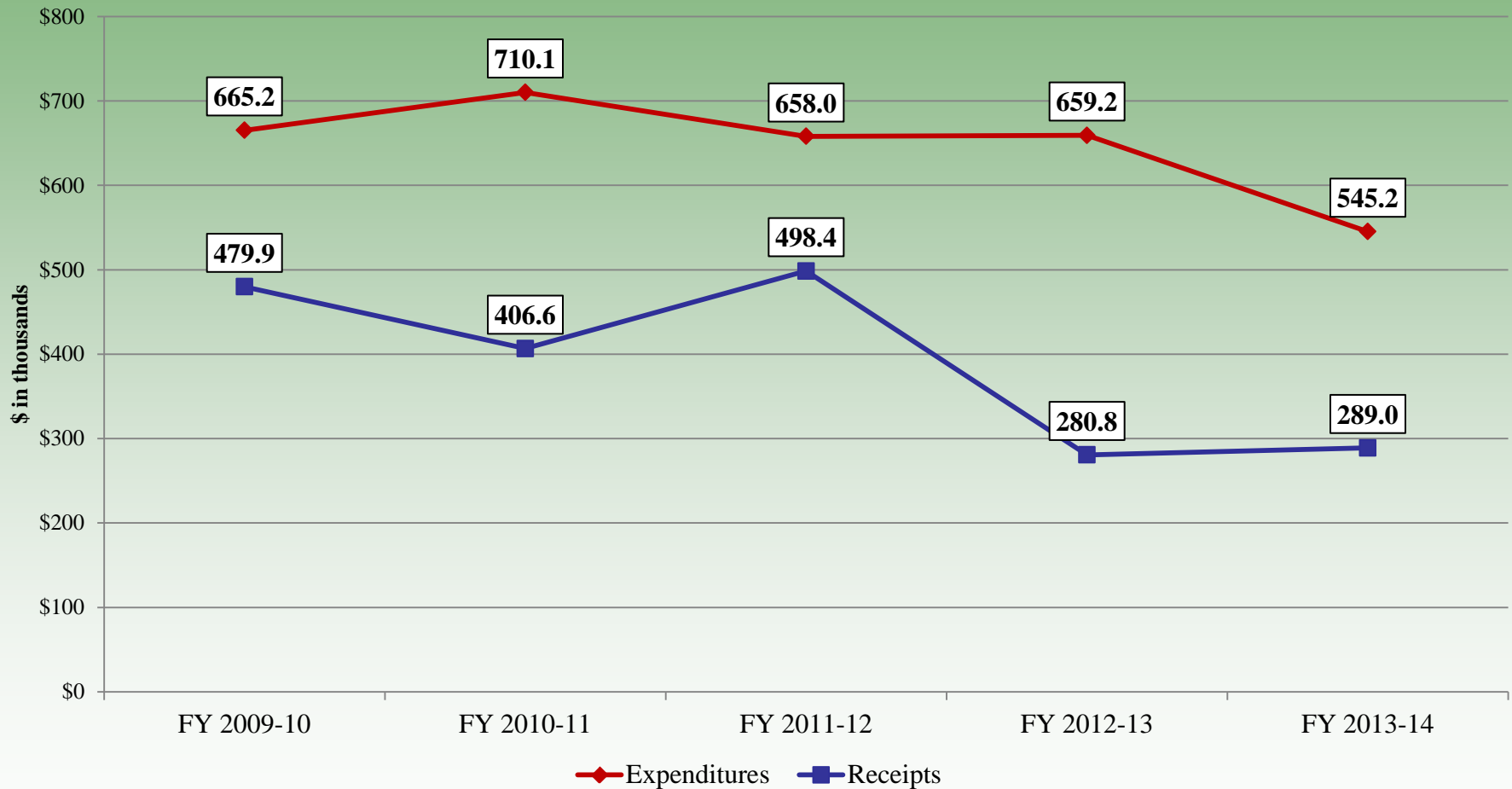
# Total Loans v. New Loans



# Historical Fund Balance



# Operating Budget History (Actuals)



\* Figures exclude the loss or recovery of bad debt

# Key Takeaways

- Public interest in current programs lower than historical experience
- Operating losses impact future funding available
- High interest in QECCBs, but limited capacity remaining

# Committee Considerations

- Will future demand support the continued operation of the Authority?
- Should the Authority's purpose be expanded to increase interest?
- Should funds be repurposed to other priorities?

# Questions

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