

## **Local Conservation Linked Deposit Lending Program; House Sub. for SB 36**

**House Sub. for SB 36** creates the Local Conservation Linked Deposit Lending Program. The purpose of the program is to facilitate loans by eligible financial institutions for the construction, design, rehabilitation, and enhancement of nonpoint source water pollution control systems for public or private owners. The bill gives authority to the Secretary of Health and Environment (Secretary) to prepare a nonpoint source management plan identifying eligibility criteria, practices eligible for funding, eligibility criteria for borrowers, eligibility criteria for costs, project completion and certification requirements, and process. Under the bill, eligible borrowers include individuals, limited liability agricultural companies, limited agricultural partnerships, family farm corporations, responsible parties, or owners of real property not including the State, state agencies, the federal government, or any agency of the federal government.

The Secretary will authorize a linked deposit in the amount certified using long-term investment funds available from the Kansas Water Pollution Control Revolving Fund or from other sources available to the Secretary into eligible financial institutions in the form of low-yielding certificates of deposit or time or demand deposits or other authorized deposits of investments.

An eligible financial institution will be required to enter into an agreement with the Secretary which includes the requirements necessary to implement the program. In addition, the bill permits eligible financial institutions that agree to receive local conservation loan deposits to accept and review applications for loans from eligible borrowers. The financial institutions can then approve or reject a loan application based on the evaluation of the borrower, the amount of the loan, and other appropriate considerations in the application and using all usual lending standards.

The Secretary is authorized to disseminate information regarding eligibility for potential participants in the program and may accept or reject a project application based on the determination of the project being consistent with the criteria in the nonpoint source management plan. In addition, the Secretary is authorized to adopt rules and regulations.

The bill also stipulates the loans authorized by the program will not be deemed to be a debt or liability of the State or the Secretary, and will not constitute a pledge of the State, any political subdivision, or the Secretary.