# MAINE STATE LEGISLATURE

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#### FIRST REGULAR SESSION

#### ONE HUNDRED AND THIRTEENTH LEGISLATURE

## Legislative Document

NO. 1089

H.P. 815 House of Representatives, April 2, 1987 Reference to the Committee on Agriculture suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative MAHANY of Easton.
Cosponsored by Representatives LISNIK of Presque Isle,
PINES of Limestone and Senator THERIAULT of Aroostook.

#### STATE OF MAINE

# IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-SEVEN

1 2 3	AN ACT to Amend the Potato Marketing Improvement Fund Law.
4 5	Be it enacted by the People of the State of Maine as follows:
6 7	Sec. 1. 7 MRSA §972, as amended by PL 1985, c. 779, §35, is further amended to read:
8	§972. Potato Marketing Improvement Committee
9 0 1 2 3 4 5	Thecommissionershallappoint There is established an advisory committee, as authorized by Title 5, section 12004, subsection 9, of 8 members to be known as the Potato Marketing Improvement Committee. The Potato Marketing Improvement Committee shall advise the commissioner on the development and implementation of improved potato marketing systems, in-

cluding the modernization, construction and operation 1 2 of storage and central packing facilities. The Potato 3 Marketing Improvement Committee shall also advise the commissioner concerning the funding and expenditures 4 5 of the Potato Marketing Improvement Fund created pur-6 section 973. The Potato-Marketing-Improvesuant 7 ment-Committee commissioner shall include appoint one 8 member representing the University of Maine 9 one-member-representing-the-Maine-Potato-Council,-one 10 member -- representing-the-Maine-Potato-Commission, -one 11 member-representing-the-Maine-Potato--Sales--Associa-12 tion, one member representing the Farmers Home Admin-13 istration, one member representing the Farm Credit 14 Service System, one member representing the State De-15 velopment Office and one member representing the pub-16 lic. Each executive council established pursuant 36, section 4603, subsection 3, shall appoint 17 18 one person to serve as a member of the committee. 19 The commissioner and the executive councils shall ap-20 as members persons with education, training or 21 experience relevant to the development and implemen-22 tation of improved potato marketing systems, includ-23 ing the modernization, construction and operation 24 and central packing facilities and with an storage 25 understanding of the importance of those facilities for potato quality and marketing. Where the commis-26 27 sioner finds it appropriate, the members representing 28 the Farmers Home Administration and the Farm 29 Service System may serve as a loan review committee 30 and advise him, on a confidential basis, on applica-31 tions for funding.

Sec. 2. 7 MRSA §973, as enacted by PL 1981, c.
513, §7, is amended to read:

### §973. Potato Marketing Improvement Fund

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There is created a fund to be known as the Potato Marketing Improvement Fund, to which shall be credited all funds received by the commissioner from any source for the development and implementation of an improved storage, packing and marketing program. Any money credited to the Potato Marketing Improvement Fund from the issuance of bonds on behalf of the State for agricultural development shall be used only for the purposes of state loans as prescribed by section 974 974-A, to provide assistance to farmers on

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)	1	technical aspects of the design and construction of
	2	storage, packing and marketing facilities and to pay
	3	the administrative costs of processing loan applica-
	4	tions, to the extent that the costs exceed the fee
_	5	for administrative costs established by section
	6	974-A, subsection 2. Repayment of these loans and in-
)	7	terest thereon shall be credited to the Potato Mar-
	8	keting Improvement Fund to be available for making
	9	additional state loans for the same purposes.
	,	additional state loans for the same purposes.
	10	Sec. 3. 7 MRSA §974, as enacted by PL 1981, c.
	11	513, §7, is repealed.
		Jij, 3/, is repeated.
	12	Sec. 4. 7 MRSA §974-A is enacted to read:
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	13	§974-A. State loans
		And the state of t
	14	1. State loans. State loans are subject to the
	15	following conditions.
	16	A. No state loan for any project under this ar-
	17	ticle, the total cost of which exceeds \$50,000,
	18	may exceed 45% of the project cost and no state
	19	loan may be provided for such a project unless
	20	the applicant demonstrates a commitment of pri-
1	21	vate funds of 10% of the total cost of the
_/_	22	project, except that, in order to encourage the
	23	undertaking of cooperative projects by 2 or more
	24	farmers, no state loan for such a project may ex-
•	25	ceed 50% of the total cost of the project and no
	26	state loan may be provided unless the cooperating
	27	farmers as a group demonstrate a commitment of
	28	private funds of 5% of the total cost of the
	29	project.
	20	
	30	B. No state loan for any project under this ar-
	31	ticle the total cost of which is \$50,000 or less,
	32	may exceed 55% of the total cost of the project.
	33	C Chata leans shall be at the interest water of
	34	C. State loans shall be at the interest rate es-
	24	tablished pursuant to subsection 2.
	35	D. Other terms and conditions prescribed by rule
	36	by the commissioner upon consultation with the
	37	Potato Marketing Improvement Committee.
	J /	TOTALO MALKETING IMPLOVEMENT COMMITCEE.

2. State loan interest rate. The interest rate for state loans shall be the interest rate for the issue of state general obligation bonds which immediately precede either the date of the loan commitment or the date of the loan closing, whichever is lower.

A fee for administrative costs, which shall be at a rate set by rule by the commissioner upon consultation with the Potato Marketing Improvement Committee, but which rate shall not exceed 1% of the loan, shall be charged on all loans made for projects, the total cost of which exceeds \$50,000. This fee shall be deposited in the fund.

Sec. 5. Transition. Any member serving on the Potato Marketing Improvement Committee on the effective date of this Act shall continue to serve until new appointments are made pursuant to the Maine Revised Statutes, Title 7, section 314. New appointments to that committee shall be made within 30 days of the effective date of this Act. Nothing in this Act prohibits a member on the committee from being reappointed.

#### 22 STATEMENT OF FACT

 The Potato Marketing Improvement Fund, established in 1981 and funded by a \$5,000,000 General Fund bond issue, is a major element in an overall program to improve the quality and marketing of Maine potatoes. Fund money is lent to farmers for the purposes of modernizing existing potato storage and packing facilities and constructing new facilities. The creation of the fund emphasized to farmers that the Legislature saw the improvement of potato quality and closer attention to marketing as crucial to the viability of the industry.

This bill is intended to provide wider access to the fund while not undermining its stability and continuing future availability to farmers. The bill makes 2 changes that will offer to more farmers the opportunity to invest in their own futures and that of the industry. First, since some farmers' production volume is too low to justify individual invest-

ment in a new storage facility, cooperative projects 2 costing more than \$50,000 are encouraged because the 3 bill raises the fund participation limit in such projects to 50% while lowering the farmers' own in-4 5 vestment requirement to 5%. Second, in order to en-6 courage retrofits of existing facilities, which are 7 expensive projects, i.e., generally less 8 \$50,000, the fund participation limit is raised to 9 55% and no investment of farmer funds is required. 10 In addition, this bill makes it clear that no admin-11 istrative charge is to be assessed for these smaller 12 projects.

13 This bill makes other, more technical changes. 14 Explicit authority is given to use fund money to pro-15 vide technical assistance to farmers in the 16 and construction of projects and to pay the adminis-17 trative costs of loan processing to the extent 18 such costs are not covered by the administrative fee 19 charged to larger loans. The bill makes clear 20 where the interest rate changes between the date of a loan commitment and the date of its closing, the low-21 er rate is to be charged. Finally, the makeup of the 22 23 advisory Potato Marketing Improvement Committee is 24 by the 112th changed to reflect the establishment 25 Legislature of the Maine Potato Board and its assem-26 blies as the single representative organization 27 the potato industry.