

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

SECOND REGULAR SESSION - 1990

Legislative Document

No. 2206

H.P. 1593

House of Representatives, January 19, 1990

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26.

Reference to the Committee on Agriculture suggested and ordered printed.

Ed Pert

EDWIN H. PERT, Clerk

Presented by Representative MAHANY of Easton.

Cosponsored by Representative LISNIK of Presque Isle, Senator COLLINS of Aroostook and Senator PEARSON of Penobscot.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY

An Act to Encourage Farming in Maine.

(EMERGENCY)



Emergency preamble. Whereas, Acts of the Legislature do not
2 become effective until 90 days after adjournment unless enacted
as emergencies; and

4
Whereas, the Maine Revised Statutes, Title 5, section 135,
6 authorizes a program of investing state funds in lending
institutions at below market rates that are linked to loans of an
8 equivalent amount to agricultural enterprises; and

10
Whereas, experience with the program has demonstrated that
12 the program will not be able to continue to address the financial
needs of agricultural enterprises unless changes are made to the
program; and

14
Whereas, if these changes are not enacted as an emergency,
16 agricultural enterprises may not be able to obtain loans at
reduced interest rates under the program in time to prepare for
18 the 1990 planting season; and

20
Whereas, in the judgment of the Legislature, these facts
22 create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
24 necessary for the preservation of the public peace, health and
safety; now, therefore,

26 **Be it enacted by the People of the State of Maine as follows:**

28 **5 MRSA §135, 5th ¶, as amended by PL 1987, c. 806, §1, is**
further amended to read:

30
32 The Treasurer of State may deposit an amount not to exceed
\$4,000,000 in each calendar year with responsible financial
34 institutions authorized to do business in the State at a rate of
return not more than 2% per year below the rate of return
36 otherwise obtainable had the funds been invested with such
financial institutions for a similar term, as determined by the
38 treasurer, for periods not to exceed one year, provided that each
such financial institution covenants with the treasurer as a
40 condition of the deposit to loan an amount at least equal to the
amount so deposited with the financial institution by the
42 treasurer under this paragraph to agricultural enterprises
located within the State for agricultural purposes. All the
44 loans shall must be at interest rates which are below the
interest rates the loans would have borne under existing market
46 conditions and loan standards of the financial institution but
for the deposit by the treasurer under this paragraph, and the
48 interest rates shall must fully reflect the savings to the
financial institution due to the reduced interest rate paid on
50 the deposit. Notwithstanding any provisions of this section to
the contrary, the treasurer shall not be obligated to seek
competitive bids for investments or deposits pursuant to this

2 paragraph. The Finance Authority of Maine shall provide
3 assistance to the treasurer in implementing this paragraph. For
4 purposes of this section, "agricultural enterprises" means a
5 business involving cultivating soil, producing crops and raising
6 livestock or their by-products. In adopting rules to implement
7 this paragraph, the treasurer shall consider criteria targeting
8 loans under the program to geographic areas of financial need,
9 and borrowers who are new entrants to agriculture, and may
10 establish limits on deposits to any one financial institution and
11 limits on deposits supporting loans to any one borrower.

12 **Emergency clause.** In view of the emergency cited in the
13 preamble, this Act shall take effect when approved.
14

16 **STATEMENT OF FACT**

18 This bill authorizes the Treasurer of State to expand the
19 availability of reduced interest rate loans under the linked
20 investment program for agriculture to include new farmers who
21 need the benefit of the lower cost of credit to become
22 established in farming.