



115th MAINE LEGISLATURE

SECOND REGULAR SESSION-1992

Legislative Document

No. 2066

H.P. 1454

House of Representatives, January 7, 1992

Submitted by the Department of Agriculture, Food and Rural Resources pursuant to Joint Rule 24.

Reference to the Committee on Agriculture suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative PINES of Limestone. Cosponsored by Senator LUDWIG of Aroostook.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND NINETY-TWO

An Act Concerning the Management of the Potato Marketing Improvement Fund.

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

7 MRSA §973, first ¶, as repealed and replaced by PL 1989, c.
502, Pt. B, §3, is amended to read:

There is created a fund to be known as the Potato Marketing б Improvement Fund,--to-which-shall-be-credited-all. All funds received by the commissioner from any source for the development 8 and implementation of an improved storage, packing and marketing 10 program must be credited to the fund. Any money credited to the Potato Marketing Improvement Fund from the issuance of bonds on behalf of the State for agricultural development shall may be 12 used only for the purposes of state loans as prescribed by section 974-A, to provide assistance to farmers for the design, 14 construction, improvement, support and operation of storage, packing and marketing facilities and to pay the administrative 16 costs of processing loan applications, to the extent that the 18 costs exceed the fee for administrative costs established by section 974-A, subsection 2. Repayment of these loans and 20 interest thereon--shall on the loans must be credited to the Potato Marketing Improvement Fund to be available for making additional state loans for the same purposes, except that any 22 interest earned on the cash balance of the fund may be used for the grants authorized by section 975. The commissioner, at the 24 commissioner's discretion, may allow a borrower to repay the 26 entire loan balance at a discount. The commissioner also has the authority to sell or assign loans at a discount and assign any 28 mortgage or other security to any person but only when and to the extent that cash is needed to protect the commissioner's interest 30 in another mortgage or other collateral at a proceeding initiated by another creditor secured with an interest in the same 32 collateral.

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STATEMENT OF FACT

This bill allows Potato Marketing Improvement Fund borrowers to purchase their own mortgages at a discount. 38 The bill addresses the concern that the Department of Agriculture, Food and Rural Resources may be unable to protect its interest in 40 collateral at a foreclosure or other forced sale because of 42 insufficient availability of funds. The bill allows the Commissioner of Agriculture, Food and Rural Resources to sell 44 enough of the loan portfolio to raise sufficient cash to address such an emergency.