

# MAINE STATE LEGISLATURE

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A. 48.

L.D. 1843

DATE: March 29, 1996

(Filing No. S-542 )

**AGRICULTURE, CONSERVATION AND FORESTRY**

Reported by: Senator LORD of York for the Committee.

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**STATE OF MAINE  
SENATE  
117TH LEGISLATURE  
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 734, L.D. 1843, Bill, "An Act to Encourage Enterprises Engaged in Agriculture and Aquaculture in Maine"

Amend the bill by striking out the title and substituting the following:

**'An Act to Encourage Enterprises Engaged in Agriculture and Aquaculture in Maine and to Amend the Maine Seed Capital Tax Credit Program'**

Further amend the bill by inserting after the title and before the enacting clause the following:

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

**Whereas, the State's economy will benefit from immediate changes in the Maine Seed Capital Tax Credit Program; and**

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

Further amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

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2        D. A purchaser of a modern storage facility that was  
4        previously financed with a state loan from the Potato  
6        Marketing Improvement Fund may receive a loan from the  
8        Agricultural Marketing Loan Fund, but not for the same  
10       project financed by the Potato Marketing Improvement Fund.  
12       Mortgages obtained from the Agricultural Marketing Loan Fund  
14       may be assumed by subsequent purchasers of the property.  
16       The department shall adopt rules concerning the purchase of  
18       existing buildings. These rules must include provisions  
20       that ensure that the purchases are consistent with the  
22       purposes of this subchapter.

24       E. An agricultural marketing loan is subject to other terms  
26       and conditions prescribed, by rule, by the commissioner,  
28       including, but not limited to, a mechanism for reserving  
30       funds for, or giving priority to, projects in agricultural  
32       enterprises or areas of the State determined by the  
34       commissioner to require special assistance. When  
36       considering loans for aquacultural enterprises, the  
38       commissioner shall consult with the Department of Marine  
40       Resources.

42       3. Interest rate. The commissioner, by rule, may establish  
44       an interest rate for a loan, except that this rate may not be  
46       less than 5% per year. If the commissioner does not establish an  
48       interest rate, the rate on a loan is a rate that is 2% less than  
50       the prime rate of interest as is determined by the commissioner.

52       4. Administrative costs. The commissioner may establish, by  
54       rule, a fee for administrative costs on loans in excess of  
56       \$50,000. This fee may not exceed 1% of the loan. The  
58       commissioner may contract with the Finance Authority of Maine to  
60       assist in the administration of this subchapter.

62       **§436. Grants for technical assistance and research**

64       The commissioner may use all or a portion of the accrued  
66       interest in the cash balance of the fund and interest portion of  
68       loan repayments, up to a maximum of \$150,000 per year, for grants  
70       for technical assistance and for the research programs identified  
72       in the technology transfer program in chapter 10, and the  
74       Agricultural Market Research and Development Fund established in  
76       section 401-D, for the purposes of supporting adoption of new and  
78       innovative technology to support agricultural production and  
80       marketing.

82       **§437. Routine technical rules.**

84       Rules adopted pursuant to this subchapter are routine  
86       technical rules as defined in Title 5, chapter 375, subchapter  
88       II-A.

2           Sec. 2. 10 MRSA §1023-J is enacted to read:

4       §1023-J. Agricultural Marketing Loan Fund

6           The Agricultural Marketing Loan Fund, referred to in this  
 8       section as the "fund," is created. The fund must be deposited  
 10      with and maintained by the Finance Authority of Maine. The fund  
 12      must be administered by the Commissioner of Agriculture, Food and  
 14      Rural Resources in accordance with Title 7, chapter 101,  
 16      subchapter I-D. All money received by the Finance Authority of  
 18      Maine from any source for the development and implementation of  
 20      an improved agricultural marketing loan program must be credited  
 22      to the fund. Any money credited to the fund from the issuance of  
 24      bonds on behalf of the State for financing loans for agricultural  
 26      enterprises may be used only for the following purposes: to  
 28      provide assistance to agricultural enterprises in this State for  
 30      the design, construction or improvement of commodity and storage  
       buildings and packing and marketing facilities; or for the  
       construction, renovation or acquisition of land, buildings,  
       equipment, docks, wharves, piers or vessels used in connection  
       with a commercial agricultural enterprise. Repayment of these  
       loans and interest on these loans must be credited to the fund  
       and must be available for making additional loans for the same  
       purposes, except that interest may be used for the purposes  
       stated in Title 7, section 436. Interest earned on money in the  
       fund and interest earned on loans made from the fund may be used  
       to pay the administrative costs of processing loan applications,  
       to the extent that these costs exceed the fee for administrative  
       costs established by Title 7, section 435, subsection 4.

32           A purchaser of a modern storage facility that was previously  
 34      financed with a state loan from the Potato Marketing Improvement  
 36      Fund may receive a loan from the Agricultural Marketing Loan  
       Fund, but not for the same project financed by the Potato  
       Marketing Improvement Fund. Mortgages obtained from the fund may  
       be assumed by subsequent purchasers of the property.

40       Sec. 3. 10 MRSA §1100-T, sub-§2, ¶E, as amended by PL 1991, c.  
 854, Pt. A, §9, is further amended to read:

42           E. The business receiving the investment must have annual  
 44      gross sales of \$2,000,000 or less and the operation of the  
 46      business must be the full-time professional activity of the  
       principal owner, as determined by the authority. The  
       principal owner and the principal owner's spouse, ~~parents,~~  
       ~~brothers, sisters and children~~ are not eligible for a credit  
 48      for investment in that business. A tax credit certificate  
 50      may not be issued to a parent, brother, sister or child of a  
       principal owner if the parent, brother, sister or child has  
       any existing ownership interest in the business.

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Sec. 4. 10 MRSA §1100-T, sub-§2-A, ¶E, as enacted by PL 1995, c. 424, §3, is amended to read:

E. Each business receiving an investment from a private venture capital fund must have annual gross sales of \$2,000,000 or less and the operation of the business must be the full-time professional activity of the principal owner, as determined by the authority. The principal owner and principal owner's spouse, ~~parents, brothers, sisters and children~~ are not eligible for a credit for investment in that business or the private venture capital fund. A tax credit certificate may not be issued to a parent, brother, sister or child of a principal owner if the parent, brother, sister or child has any existing ownership interest in the business.

**Emergency clause.** In view of the emergency cited in the preamble, this Act takes effect when approved.'

Further amend the bill by inserting at the end before the statement of fact the following:

#### FISCAL NOTE

Additional funding will be required to capitalize the Agricultural Marketing Loan Fund within the Finance Authority of Maine. Funding for this purpose in the amount of \$6,000,000 has been proposed in L.D. 1822, "An Act to Authorize a Bond Issue to Encourage and Support Economic Development."

No additional appropriations or allocations are required by the Finance Authority of Maine to support the costs of maintaining this fund.

The additional costs associated with administering the Agricultural Marketing Loan Fund can be absorbed by the Department of Agriculture, Food and Rural Resources utilizing existing budgeted resources.

The expansion in the number of taxpayers eligible for the seed capital tax credit may result in a loss of General Fund revenue to the extent that the full amount of the credit subject to the utilization cap is currently not being claimed. This may affect estimated tax payments beginning in fiscal year 1995-96. The specific amount of this additional loss can not be determined at this time. The corresponding loss of dedicated revenue to the Local Government Fund for state-municipal revenue sharing also can not be determined at this time.'

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**STATEMENT OF FACT**

4 This amendment establishes the Agricultural Marketing Loan  
Fund within the Finance Authority of Maine, but the  
6 administration of the fund is under the jurisdiction of the  
Commissioner of Agriculture, Food and Rural Resources.

8 The amendment amends the Maine Seed Capital Tax Credit  
10 Program to allow a principal owner's parents, brothers, sisters  
and children to receive tax credits for investments in the  
12 principal owner's business and for investments in a venture  
capital fund that invests in the principal owner's business. The  
14 amendment also provides that no tax credit certificate may be  
issued to a parent, brother, sister or child of a principal owner  
16 if the parent, brother, sister or child has any existing  
ownership interest in the business. The amendment also adds a  
18 fiscal note, emergency preamble and emergency clause to the bill.