

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

SECOND REGULAR SESSION-1996

Legislative Document

No. 1843

S.P. 734

In Senate, March 11, 1996

**An Act to Encourage Enterprises Engaged in Agriculture and
Aquaculture in Maine.**

Reference to the Committee on Agriculture, Conservation and Forestry suggested and ordered printed.

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS
Secretary of the Senate

Presented by Senator CASSIDY of Washington. (GOVERNOR'S BILL).
Cosponsored by Senators: KIEFFER of Aroostook, LORD of York, PARADIS of Aroostook,
Representatives: AHEARNE of Madawaska, CROSS of Dover-Foxcroft, DESMOND of
Mapleton, DEXTER of Kingfield, DONNELLY of Presque Isle, HICHBORN of Lagrange,
JOY of Crystal, KILKELLY of Wiscasset, KNEELAND of Easton, MAYO of Bath,
McALEVEY of Waterboro, O'NEAL of Limestone, PENDLETON of Scarborough,
ROBICHAUD of Caribou, SIROIS of Caribou, SPEAR of Nobleboro, STROUT of Corinth,
TYLER of Windham, WHEELER of Bridgewater.

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

4 **Sec. 1. 7 MRSA c. 101, sub-c. I-D is enacted to read:**

6 **SUBCHAPTER I-D**

8 **AGRICULTURAL MARKETING LOAN FUND**

10 **§434. Definitions**

12 As used in this subchapter, unless the context otherwise
14 indicates, the term "agricultural enterprise" means a person or
16 business engaged in the commercial growing or harvesting of
18 plants; raising animals; growing or obtaining plant or animal
by-products; aquaculture, as defined in Title 12, section 6001,
subsection 1; or producing, processing, storing, packaging or
marketing a product derived from an agricultural enterprise, with
the intent that the product be sold or otherwise disposed of to
generate income.

20 **§435. Agricultural Marketing Loan Fund**

22 The Agricultural Marketing Loan Fund, referred to in this
24 subchapter as the "fund," is created. All money received by the
26 commissioner from any source for the development and
28 implementation of an improved agricultural marketing loan program
must be credited to the fund. Any money credited to the fund
from the issuance of bonds on behalf of the State for financing
loans for agricultural enterprises may be used only for the
30 following purposes: to provide assistance to agricultural
32 enterprises in this State for the design, construction or
improvement of commodity and storage buildings and packing and
marketing facilities; for the construction, renovation or
34 acquisition of land, buildings, equipment, docks, wharves, piers
or vessels used in connection with a commercial agricultural
36 enterprise; or to pay the administrative costs of processing loan
applications, to the extent that these costs exceed the fee for
38 administrative costs established by section 436. Repayment of
these loans and interest on these loans must be credited to the
40 fund and must be available for making additional loans for the
same purposes, except that interest may be used for the purposes
42 stated in section 437.

44 A purchaser of a modern storage facility that was previously
46 financed with a state loan from the Potato Marketing Improvement
Fund may receive a loan under the conditions of this section,
48 except that such a purchaser may not receive a loan under the
conditions of this section for the same project. Mortgages
obtained from the fund may be assumed by subsequent purchasers of
50 the property. The department shall adopt rules concerning the
purchase of existing buildings. These rules must include
52 provisions that ensure that such purchases are consistent with

2 the purposes of this subchapter. Any rules adopted by the
3 department pursuant to this subchapter are technical rules.

4 **§436. Agricultural marketing loans**

6 **1. Conditions.** Agricultural marketing loans are subject to
7 the following conditions.

8
9
10 A. An agricultural marketing loan for any project under
11 this subchapter, the total cost of which exceeds \$50,000,
12 may not exceed 45% of the project cost. A loan from the
13 fund may not be provided for such a project unless the
14 applicant demonstrates a commitment of private funds of at
15 least 10% of the total cost of the project; except that, in
16 order to encourage the undertaking of cooperative projects
17 by 2 or more agricultural enterprises, an agricultural
18 marketing loan may not be provided unless the cooperating
19 agricultural enterprises as a group demonstrate a commitment
20 of private funds of at least 5% of the total cost of the
21 project.

22 B. An agricultural marketing loan for any project under
23 this subchapter, the total cost of which is \$50,000 or less,
24 may not exceed 55% of the total cost of the project.

25 C. An agricultural marketing loan must be at the interest
26 rate established pursuant to subsection 2.

27
28 D. An agricultural marketing loan is subject to other terms
29 and conditions prescribed by rule by the commissioner,
30 including, but not limited to, a mechanism for reserving
31 funds for, or giving priority to, projects in agricultural
32 enterprises or areas of the State determined by the
33 commissioner to require special assistance. In the case of
34 loans for aquacultural enterprises, the commissioner must
35 consult with the Department of Marine Resources.

36
37
38 **2. Interest rate.** The commissioner by rule may establish
39 an interest rate for a loan, except that this rate may not be
40 less than 5% per year. If the commissioner does not establish an
41 interest rate, the rate on a loan is a rate 2% less than the
42 prime rate of interest as determined by the commissioner.

43
44 **3. Administrative costs.** The commissioner may establish by
45 rule a fee for administrative costs on loans in excess of
46 \$50,000. This fee may not exceed 1% of the loan. The
47 commissioner may contract with the Finance Authority of Maine to
48 assist in the administration of this subchapter.

49 **§437. Grants for technical assistance and research**

2 The commissioner may use all or a portion of the accrued
3 interest in the cash balance of the fund and interest portion of
4 loan repayments, up to a maximum of \$150,000 per year, for
5 technical assistance and for the research programs identified in
6 the technology transfer program in chapter 10, and the
7 Agricultural Market Research and Development Fund established in
8 section 401-D, for the purposes of supporting adoption of new and
9 innovative technology to support agricultural production and
10 marketing.

12 STATEMENT OF FACT

14 This bill creates the Agricultural Marketing Loan Fund,
15 which will be administered by the Department of Agriculture, Food
16 and Rural Resources. The fund will be used to provide loans for
17 enterprises engaged in agriculture and aquaculture. All loans
18 under the program will be made in conjunction with private
19 lenders or other sources of capital.
20