

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 2086

S.P. 736

In Senate, March 30, 1999

An Act to Preserve the State's Farm Economy and Heritage.

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator PINGREE of Knox.

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

4 **Sec. 1. 7 MRSA c. 10-B is enacted to read:**

6 **CHAPTER 10-B**

8 **MAINE FARMS FOR THE FUTURE PROGRAM**

10 **§317. Maine Farms for the Future Program**

12 The Maine Farms for the Future Program, referred to in this
14 chapter as the "program," is created. The program is
16 administered by the department, either directly or by contract
18 with a suitable organization. The program provides a selected
20 farm with assistance in developing a detailed business plan that
involves changes in the farm's operation to increase the vitality
of the farm and investment money to help implement the plan. The
department shall organize a review panel, referred to in this
chapter as the "panel," to evaluate and approve applications for
participation in the program and for investment support.

22 **§318. Business plan development**

24 1. Eligibility. An applicant must own at least 5 acres of
26 land in agricultural use and must submit an application to the
department to be eligible for participation in the program
pursuant to procedures developed by the department.

28 2. Criteria for selection. The panel shall evaluate and
30 approve applications that are based upon criteria developed by
the department, including:

32 A. The degree of opportunity for increasing the vitality of
34 the farm due to factors such as the capability of the
36 applicant to effect positive changes in farm operations and
the suitability of the land in agricultural use to sustain
those changes; and

38 B. The degree of threat to the continuation of agricultural
40 use of the land due to factors such as the financial
42 capacity and current farm management practices of the
applicant and development pressures in the area where the
farm is located.

44 3. Services package; reimbursement. Once an applicant is
46 selected to participate in the program, the department shall
48 assist the selected farm in assembling a services package to
develop the business plan within one year of the selection.
These services may include:

2 A. Outside financial experts to provide services such as
analyzing markets or developing financial data; and

4 B. Instruction or classroom training in economics and
business planning for the owner or operator of the farm.

6 A services package must be approved by the department before it
is implemented. The department shall reimburse the selected farm
8 up to \$10,000 for outside services that are contracted as part of
a services package. The department shall keep an accounting of
10 direct services provided to a selected farm as part of a services
package and may not provide more than \$5,000 worth of direct
12 services to the farm without approval by the commissioner.

14 4. First farmland protection agreement. A selected farm
must enter into a first 5-year farmland protection agreement with
16 the department before the department provides direct services or
reimburses the farm for outside services. The agreement must
18 provide that the farm will protect the land in agricultural use
from nonagricultural development for the period of the
20 agreement. A selected farm may terminate a first farmland
protection agreement at any time if the farm repays the
22 department for any direct services or reimbursement for outside
services that the department has provided that farm pursuant to
24 this section.

26 5. Business plan requirements. A selected farm must use a
services package to develop a business plan that identifies
28 changes in farm management practices and investments in equipment
and property that would increase the vitality of the farm.
30

32 §319. Investment support

34 1. Eligibility. A selected farm that has completed a
business plan pursuant to section 318 is eligible to apply for
36 funding to implement the plan.

38 2. Award of funds. The panel shall develop a competitive
process to determine the farms that receive funds to implement a
40 business plan. This determination must be based upon selection
criteria developed by the department including:

42 A. The viability of the business plan;

44 B. The degree of threat to the continuation of agricultural
use of the land due to factors such as the financial
46 capacity and current farm management practices of the
applicant and development pressures in the area where the
48 farm is located; and

50

2 C. The degree to which the business plan would accomplish
4 broader objectives such as the protection of water
6 resources, wildlife habitat, open space and scenic and
8 cultural amenities.

10 3. Uses and limitations of funding. Any funds provided by
12 the department pursuant to this section must be used to implement
14 the business plan either in the plan's original form or in a
16 subsequent amended version that has been approved by the
18 department. The department may provide a selected farm with
20 funds to implement the business plan in an amount not to exceed
22 the lesser of \$25,000 or 25% of the total investments identified
24 by the business plan.

26 4. Second farmland protection agreement. A selected farm
28 must enter into a 2nd 5-year farmland protection agreement with
30 the department before the department provides investment support
32 pursuant to this section. The agreement must provide that the
34 farm will protect the land in agricultural use from
36 nonagricultural development for the period of the agreement. The
38 5-year term of the 2nd farmland protection agreement must run
40 consecutively with a first farmland protection agreement entered
42 into by the selected farm pursuant to section 318. A selected
44 farm may terminate a 2nd farmland protection agreement at any
46 time if the farm repays the department for any funds provided to
48 the farm by the department pursuant to this section.

50 §320. Program administration

1. Duties. The duties of the department include:

A. Promoting the program to farms in the State;

B. Organizing and overseeing the panel;

C. Developing criteria to select participants for the
program and recipients of investment support;

D. Compiling a list of outside service providers;

E. Administering the disbursement of investment support;

F. Executing and enforcing first and 2nd farmland
protection agreements; and

G. Evaluating and reporting to the Legislature once a year
on the impact and effectiveness of the program.

2. Outside service providers. The department shall
develop, maintain and periodically update a list of outside

2 service providers who may provide services pursuant to section
3 318 by widely circulating an application to qualifying entities.
4 The application must request information including qualifications
5 of the entity in any area that may be of use in developing a farm
6 viability business plan. "Qualifying entities" means
7 individuals, private organizations, public organizations and
8 agencies of the State, marketing consultants, accounting firms,
9 business support organizations, farm support organizations and
10 other organizations that the department determines may provide
11 valuable services pursuant to section 318. A selected farm may
12 use an outside service provider identified on the list of service
13 providers or another outside service provider that has been
14 approved by the department.

15 3. Administration by other than department. If the
16 department contracts the administration of this program to a
17 suitable organization, the department shall select that
18 organization through a competitive process developed by the
19 department.

20 4. Funding. The department may not expend more than 15% of
21 the total funding for this program on administration costs and
22 shall reserve at least 40% of the total funding for this program
23 for investment support pursuant to section 319. Funds
24 appropriated to the program may not lapse but must be carried
25 forward.

26 5. Rulemaking. The commissioner shall adopt rules to carry
27 out the purposes of this chapter. All rules adopted pursuant to
28 this chapter are routine technical rules pursuant to Title 5,
29 chapter 375, subchapter II-A.

30 Sec. 2. Appropriation. The following funds are appropriated
31 from the General Fund to carry out the purposes of this Act.

32 **1999-00**

33 **AGRICULTURE, FOOD AND RURAL**
34 **RESOURCES, DEPARTMENT OF**

35 **Maine Farms for the Future Program**

36 All Other \$1,000,000

37 Provides funds to reimburse farms for
38 outside services to develop business plans
39 and for investment support to implement the
40 plans through the Maine Farms for the Future
41 Program.

2

SUMMARY

4

6 This bill creates the Maine Farms for the Future Program.
8 This program provides funds to assist farms in developing
10 business plans to identify changes in farm management practices
12 and investments in equipment and property that will increase the
14 vitality of the farm. The Department of Agriculture, Food and
16 Rural Resources, referred to in this summary as the "department,"
18 administers the program or contracts with a suitable organization
20 to administer the program.

22 The program operates in 2 phases; the first phase allows a
24 farm that has 5 or more acres of land in agricultural use to
26 apply for assistance in developing a business plan and the 2nd
28 phase allows a farm that has developed a business plan with the
30 program to apply for investment support to implement the plan.
32 Both selection processes are conducted by a review panel
34 organized by the department.

36 The first phase, in which participants are initially
38 selected for the program, requires the panel to make its
40 selections pursuant to selection criteria that include the
42 opportunity for increasing the vitality of the farm due to
44 factors such as the capability of the applicant to effect
46 positive changes in farm operation, the suitability of the land
48 in agricultural use to sustain those changes, the degree of
50 threat to continued agricultural use of the land due to the
financial capacity and current farm management practices of the
applicant and development pressures in the area where the farm is
located. If the farm is selected for the program, the program
will assist the farm in assembling a package of outside services
including financial, marketing, business and farm support persons
or organizations and provide instruction or classroom training in
economics and business to the farm's owner or operator to help
develop a business plan over the period of a year. The business
plan must look to increase the vitality of the farm through
changes in farm management practices and investments in equipment
or property. If a farm is selected in this phase, the farm must
enter into a 5-year first farmland protection agreement in which
the farm agrees to protect the farmland from nonagricultural
development. The farm may withdraw from the agreement if the
farm repays the department for any outside service reimbursement
and any direct services provided the farm by the department.

46 The 2nd phase, in which farms that have developed business
48 plans pursuant to the first phase are selected for investment
50 support to implement the plan, requires the review panel to make
its selections pursuant to selection criteria that include

2 consideration of the viability of the business plan, the degree
of threat to the continuation of agricultural use of the farm due
4 to factors such as the financial capacity and current farm
management practices of the applicant, development pressures in
6 the area where the farm is located and the degree to which the
business plan would accomplish broader objectives such as the
8 protection of water resources, wildlife habitat, open space and
scenic and cultural amenities.

10 If a farm is selected under this phase, the department will
provide investment support to help the farm implement the plan.
12 The farm must enter into a 5-year 2nd farmland protection
agreement in which the farm agrees to protect the farmland from
14 nonagricultural development. The 5-year period must run
consecutively with a first farmland protection agreement the farm
16 entered into under phase 1 of the program. The farm may withdraw
from the agreement if the farm repays the program for any outside
18 service reimbursement and any direct services provided the farm
by the program.

20 The duties of the department or the suitable organization
22 the department contracted to administer the program are to
promote the program to farms in the State, organize the review
24 panel, develop selection criteria for both phases of the program,
administer the disbursement of funds, execute and enforce
26 farmland protection agreements and make a yearly progress report
on the program to the Legislature. This bill appropriates
28 \$1,000,000 to capitalize the program and the funds may not lapse
but must be carried forward.