

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

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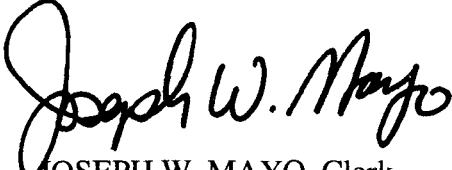
H.P. 1615

House of Representatives, June 18, 1999

An Act to Improve Financing Opportunities for the Cranberry Industry.

(EMERGENCY)

Reported by Representative TOWNSEND for the Joint Standing Committee on Appropriations and Financial Affairs pursuant to Joint Order H.P. 1611.


JOSEPH W. MAYO, Clerk

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

4 Whereas, the cranberry industry is recognized as an
6 important, emerging agricultural industry in the State of Maine;
and

8 Whereas, new cranberry operations do not produce income for
10 up to 4 years; and

12 Whereas, construction for the cranberry season is seasonal,
ending in the fall; and

14 Whereas, conventional financing of cranberry operations is
16 difficult to obtain; and

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

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

26 **Sec. 1. 7 MRSA §435, sub-§2, ¶F** is enacted to read:

28 F. Notwithstanding paragraphs A and B, an agricultural
30 marketing loan for any cranberry project under this
32 subchapter may not exceed 90% of the project cost. A loan
34 from the fund may not be provided for such a project unless
36 the applicant demonstrates a commitment of private funds of
38 at least 10% of the total cost of the project; except that,
40 in order to encourage the undertaking of cooperative
projects by 2 or more agricultural enterprises, an
agricultural marketing loan for any cranberry project may
not be provided unless the cooperating agricultural
enterprises as a group demonstrate a commitment of private
funds of at least 5% of the total cost of the project. Any
loan granted under this paragraph may not exceed \$100,000.

42 Loans made pursuant to this paragraph may be used only for
44 the following purposes: to provide assistance to
46 enterprises in this State for the design, construction,
48 implementation or improvement of facilities to grow,
50 harvest, process or market cranberries; or for the
construction, renovation or acquisition of land, buildings,
equipment, vines, docks, wharves, piers or vessels used in
connection with a commercial cranberry enterprise.
Repayment of these loans and interest on these loans must be
credited to the fund and must be available for making

2 additional loans for the same purposes. Interest earned on
3 money in the fund and interest earned on loans made from the
4 fund may be used to pay the administrative costs of the
5 authority.

6 The commissioner may defer principal and interest payments
7 up to 4 years for the loan amount under this paragraph.

8
9 Disbursements under this paragraph may be made during the
10 construction phase of the project.

11 Approval of loans under this paragraph is subject to the
12 same credit criteria and conditions used for all other
13 borrowers under the programs set forth in this subchapter.

14
15 Any rules adopted to implement the requirements of this
16 paragraph are routine technical rules as defined in Title 5,
17 chapter 375, subchapter II-A.

18
19 This paragraph is repealed December 31, 2001.

20
21 **Sec. 2. Availability of funds.** The Commissioner of Agriculture,
22 Food and Rural Resources shall make available from the
23 Agricultural Marketing Loan Fund bond funds approved pursuant to
24 Private and Special Law 1995, chapter 81 in the amount of
25 \$1,000,000 for the purposes stated in the Maine Revised Statutes,
26 Title 7, section 435, subsection 2, paragraph F. This section is
27 repealed December 31, 2001.

28
29 **Sec. 3. Report.** The Department of Agriculture, Food and Rural
30 Resources and the Finance Authority of Maine shall, working
31 jointly, report back to the joint standing committee of the
32 Legislature having jurisdiction over appropriations and financial
33 affairs by January 20, 2000, January 20, 2001 and January 20,
34 2002 on the financial status of loans provided for cranberry
35 projects, pursuant to the Maine Revised Statutes, Title 7,
36 section 435, subsection 2, paragraph F. The report also must
37 include data that summarizes those incidences of the Commissioner
38 of Agriculture, Food and Rural Resources overriding loan
39 recommendations by the Finance Authority of Maine related to
40 cranberry projects.

41

42

43 **FISCAL NOTE**

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46 This bill will expand the pool of applicants eligible for
47 loans from the Agricultural Marketing Loan Fund. It also
48 requires that \$1,000,000 of amounts in the fund be made available
for loans for cranberry projects. This is not expected to have

2 any significant impact on the availability of funds for loans for
other agricultural enterprises.

4 The additional costs associated with adopting rules and
6 administering the new loan requirements can be absorbed by the
Department of Agriculture, Food and Rural Resources utilizing
8 existing budgeted resources. The department and the Finance
Authority of Maine can absorb the costs related to reporting to
10 the Legislature on the financial status of loans provided for
cranberry projects.

12

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

16

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SUMMARY

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This bill allows the Agricultural Marketing Loan Fund to
22 increase loans for the total cost of any cranberry project from
45% to 90% until December 31, 2001. This bill also requires
\$1,000,000 to be made available from the fund for cranberry
24 project loans from bond funds approved pursuant to Private and
Special Law 1995, chapter 81.

26

28 This bill also requires the Department of Agriculture, Food
and Rural Resources and the Finance Authority of Maine to jointly
report back to the Joint Standing Committee on Appropriations and
30 Financial Affairs on the status of loans made for cranberry
projects.