

# MAINE STATE LEGISLATURE

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# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

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Legislative Document

No. 1173

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H.P. 870

House of Representatives, March 5, 2003

### An Act To Continue the Maine Farms for the Future Program

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Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative PINGREE of North Haven.  
Cosponsored by Senator BRYANT of Oxford and  
Representatives: MAILHOT of Lewiston, McKEE of Wayne, MILLETT of Waterford, MILLS  
of Comville, ROSEN of Bucksport, SMITH of Monmouth, Senators: CATHCART of  
Penobscot, TREAT of Kennebec.

2 **Preamble.** Two thirds of both Houses of the Legislature  
deeming it necessary in accordance with the Constitution of  
4 Maine, Article IX, Section 14 to authorize the issuance of bonds  
on behalf of the State of Maine to provide funds as described in  
this Act,

6  
8 **Be it enacted by the People of the State of Maine as follows:**

10 **PART A**

12 **Sec. A-1. Authorization of bonds.** The Treasurer of State is  
authorized, under the direction of the Governor, to issue bonds  
14 in the name and on behalf of the State in an amount not exceeding  
\$5,000,000 to raise funds for grants and loans to farmers under  
16 the Maine Farms for the Future Program as authorized by this  
Part. The bonds are a pledge of the full faith and credit of the  
18 State. The bonds may not run for a period longer than 10 years  
from the date of the original issue of the bonds. At the  
discretion of the Treasurer of State, with the approval of the  
20 Governor, any issuance of bonds may contain a call feature.

22 **Sec. A-2. Records of bonds issued kept by Treasurer of State.** The  
Treasurer of State shall keep an account of each bond showing the  
24 number of the bond, the name of the successful bidder to whom  
sold, the amount received for the bond, the date of sale and the  
26 date when payable.

28 **Sec. A-3. Sale; how negotiated; proceeds appropriated.** The  
Treasurer of State may negotiate the sale of the bonds by  
30 direction of the Governor, but no bond may be loaned, pledged or  
hypothecated on behalf of the State. The proceeds of the sale of  
32 the bonds, which must be held by the Treasurer of State and paid  
by the Treasurer of State upon warrants drawn by the State  
34 Controller, are appropriated solely for the purposes set forth in  
this Part. Any unencumbered balances remaining at the completion  
36 of the project in this Part lapse to the debt service account  
established for the retirement of these bonds.

38 **Sec. A-4. Interest and debt retirement.** The Treasurer of State  
40 shall pay interest due or accruing on any bonds issued under this  
Part and all sums coming due for payment of bonds at maturity.

42 **Sec. A-5. Disbursement of bond proceeds.** The proceeds of the  
44 bonds must be expended as set out in this Part under the  
direction and supervision of the Commissioner of Agriculture,  
46 Food and Rural Resources.

2           **Sec. A-6. Allocations from General Fund bond issue.** The proceeds  
of the sale of the bonds must be expended as designated in the  
following schedule.

4

6           **AGRICULTURE, FOOD AND RURAL RESOURCES,**  
**DEPARTMENT OF**

8	Grants through the Maine Farms for the Future Program	\$2,500,000
10		
12	Loans through the Maine Farms for the Future Program	\$2,500,000
14	<b>Total Allocations</b>	<u>\$5,000,000</u>

16           **Sec. A-7. Contingent upon ratification of bond issue.** Sections 1  
to 6 do not become effective unless the people of the State  
ratify the issuance of the bonds as set forth in this Part.

20           **Sec. A-8. Appropriation balances at year-end.** At the end of each  
fiscal year, all unencumbered appropriation balances representing  
state money carry forward. Bond proceeds that have not been  
expended within 10 years after the date of the sale of the bonds  
lapse to General Fund debt service.

26           **Sec. A-9. Bonds authorized but not issued.** Any bonds authorized  
but not issued, or for which bond anticipation notes are not  
issued within 5 years of ratification of this Part, are  
deauthorized and may not be issued, except that the Legislature  
may, within 2 years after the expiration of that 5-year period,  
extend the period for issuing any remaining unissued bonds or  
bond anticipation notes for an additional amount of time not to  
exceed 5 years.

34

36           **Sec. A-10. Referendum for ratification; submission at statewide  
election; form of question; effective date.** This Part must be submitted  
to the legal voters of the State at a statewide election held on  
the Tuesday following the first Monday of November following  
passage of this Part. The municipal officers of this State shall  
notify the inhabitants of their respective cities, towns and  
plantations to meet, in the manner prescribed by law for holding  
a statewide election, to vote on the acceptance or rejection of  
this Part by voting on the following question:

44

46           "Do you favor a \$5,000,000 bond issue, \$2,500,000 of which  
will be used for grants and \$2,500,000 of which will be used  
for loans to farmers under the Maine Farms for the Future  
48           Program?"

2 The legal voters of each city, town and plantation shall  
vote by ballot on this question and designate their choice by a  
4 cross or check mark placed within a corresponding square below  
the word "Yes" or "No." The ballots must be received, sorted,  
6 counted and declared in open ward, town and plantation meetings  
and returns made to the Secretary of State in the same manner as  
8 votes for members of the Legislature. The Governor shall review  
the returns and, if a majority of the legal votes are cast in  
10 favor of this Part, the Governor shall proclaim the result  
without delay, and this Part becomes effective 30 days after the  
12 date of the proclamation.

14 The Secretary of State shall prepare and furnish to each  
city, town and plantation all ballots, returns and copies of this  
16 Part necessary to carry out the purposes of this referendum.

## 18 PART B

20 **Sec. B-1. 7 MRSA §317**, as enacted by PL 1999, c. 763, §1, is  
amended to read:

### 22 **§317. Maine Farms for the Future Program**

24  
26 The Maine Farms for the Future Program, referred to in this  
chapter as the "program," is created. The program is  
administered by the department, either directly or by contract  
28 with a suitable organization. The program provides a selected  
farm with assistance in developing a detailed business plan that  
30 involves changes in the farm's operation to increase the vitality  
of the farm and investment money to help implement the plan. The  
32 department shall organize a review panel, referred to in this  
chapter as the "panel," to evaluate and approve applications for  
34 participation in the program and for investment support,  
including loans made under section 319-A.

36  
38 **Sec. B-2. 7 MRSA §319-A** is enacted to read:

### 40 **§319-A. Farms for the Future Loan Fund**

42 **1. Fund established.** The Farms for the Future Loan Fund,  
referred to in this chapter as "the loan fund," is established as  
an Other Special Revenue fund revolving loan account for the  
44 purposes specified in this chapter. Loans may be made from the  
loan fund at the prime rate of interest plus 1%.

46  
48 **2. Sources of loan fund.** The State Controller shall credit  
to the loan fund:

2 A. All money allocated from the proceeds of sales of bonds  
3 pursuant to a General Fund bond issue for the purpose of  
4 making loans under the program;

5 B. Money from any other source, whether public or private,  
6 designated for deposit into or credited to the loan fund; and

7 C. Repayments to the loan fund.

8  
9  
10 3. Disbursements from the loan fund. Disbursements from  
11 the loan fund are governed by the following provisions.

12  
13 A. A selected farm under section 318 may apply for a loan  
14 for up to 50% of the funds needed to implement the business  
15 plan for that farm.

16  
17 B. The review panel required by section 317 shall review  
18 applications for loans and award loans pursuant to  
19 guidelines established by the department.

20  
21 4. Unencumbered balances. Any unencumbered balance  
22 remaining at the end of any fiscal year lapses back to the loan  
23 fund.

24  
25 5. Administration of the loan fund. The department may  
26 authorize administration of the loan fund by an organization in  
27 the same manner as provided under section 320.

28  
29 **Sec. B-3. 7 MRSA §320, sub-§1, ¶¶F and G,** as enacted by PL  
30 1999, c. 763, §1, are amended to read:

31  
32 F. Executing and enforcing first and 2nd farmland  
33 protection agreements; and

34  
35 G. Evaluating and reporting annually by March 15th to the  
36 joint standing committee of the Legislature having  
37 jurisdiction over agricultural matters on the impact and  
38 effectiveness of the program; and

39  
40 **Sec. B-4. 7 MRSA §320, sub-§1, ¶H** is enacted to read:

41  
42 H. Administering the Farms for the Future Loan Fund under  
43 section 319-A.

44  
45 **Sec. B-5. Competitive bid process.** The Department of  
46 Agriculture, Food and Rural Resources shall seek competitive bids  
47 for the administration of the Maine Farms for the Future  
48 Program. The successful candidate shall by contract agree to

2 bear the full cost of administering the program, including  
business plan development costs, for the initial 3 years of the  
contract.

4

6 **Sec. B-6. Contingent effective date.** This Part takes effect only  
if the General Fund bond issue authorized in Part A is approved  
at referendum.

8

10

## SUMMARY

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14 The funds provided by this bond issue authorized in Part A,  
in the amount of \$5,000,000, will be used to fund both grants and  
loans under the Maine Farms for the Future Program administered  
by the Department of Agriculture, Food and Rural Resources. Part  
16 B provides the statutory authority to allow loans to be made to  
eligible farms under the Maine Farms for the Future Program and  
18 is contingent upon passage of the referendum set out in Part A.