

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 1002

S.P. 342

In Senate, February 24, 2005

An Act To Transfer Responsibility of Potato Marketing Matters to the Maine Potato Board

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 MARTIN of Aroostook.
Cosponsored by Representative LUNDEEN of Mars Hill and
Senator: CLUKEY of Aroostook, Representatives: CHURCHILL of Washburn, EDGECOMB
of Caribou, FISCHER of Presque Isle, JACKSON of Fort Kent, PARADIS of Frenchville,
SHERMAN of Hodgdon, SMITH of Van Buren.

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

4 **Sec. 1. 7 MRSA §950, sub-§2-A** is enacted to read:

6 **2-A. Maine Potato Board.** "Maine Potato Board" means the
Maine Potato Board as established in Title 36, section 4603.

8 **Sec. 2. 7 MRSA §971,** as enacted by PL 1981, c. 513, §7, is
amended to read:

10 **§971. Purpose**

12
14 The Legislature finds that agriculture, particularly the
production and marketing of potatoes, is a significant and unique
16 component of the economy of the State and is the single most
important component of the economy of northern Maine. The
18 Legislature further finds that the potato industry in Maine is in
serious decline and, that unless major changes in the existing
infrastructure, packing, storing and marketing systems are
20 accomplished, the industry will not remain viable. The
Legislature intends through this Article and Article 4 to
22 stimulate the improvement of the potato industry. The Legislature
finds that a strengthened potato industry will benefit the entire
24 economy and promote improvement and stabilization in the use of
our agricultural resources for the benefit of the people of this
26 State. It is the intent of the Legislature to provide the
statutory framework and initial funding to begin and expand
28 programs for improved marketing systems, including modernization,
construction and operation of storage and centralized packing
30 facilities for potatoes, and to expand and develop infrastructure.

32 **Sec. 3. 7 MRSA §972,** as amended by PL 2001, c. 125, §1, is
further amended to read:

34 **§972. Potato Marketing Improvement Committee**

36
38 There is established an advisory committee, as authorized by
Title 5, section 12004-H, subsection 10, of 10 members to be
known as the Potato Marketing Improvement Committee. The Potato
40 Marketing Improvement Committee shall advise the ~~commissioner~~
Maine Potato Board on the development and implementation of
42 improved potato marketing systems, including the modernization,
construction and operation of storage and central packing
44 facilities, and the expansion and development of infrastructure.
The Potato Marketing Improvement Committee shall also advise the
46 ~~commissioner~~ Maine Potato Board concerning the funding and
expenditures of the Potato Marketing Improvement Fund created
48 pursuant to Title 10, section 1023-N. The ~~commissioner~~ Maine
Potato Board shall appoint one member representing the University
50 of Maine System, one member representing the Farmers--Home

2 Administration United States Department of Agriculture, Farm
3 Service Agency, one member representing the Farm Credit System,
4 one member representing the Department of Economic and Community
5 Development department and one member representing the public
6 Agricultural Bargaining Council, or a successor organization.
7 Each executive council established pursuant to Title 36, section
8 4603, subsection 3, shall appoint one person to serve as a member
9 of the committee. The ~~commissioner~~ Maine Potato Board and the
10 executive councils shall appoint as members persons with
11 education, training or experience relevant to the development and
12 implementation of improved potato marketing systems, including
13 the modernization, construction and operation of storage and
14 central packing facilities, and with an understanding of the
15 importance of those facilities for potato quality and marketing.
16 When the ~~commissioner~~ Maine Potato Board finds it appropriate,
17 the members representing the ~~Farmers-Home-Administration Farm~~
18 Service Agency and the Farm Credit System may serve as a loan
19 review committee and advise the ~~commissioner~~ Maine Potato Board,
20 on a confidential basis, on applications for funding.

21 **Sec. 4. 7 MRSA §973-A**, as enacted by PL 2001, c. 125, §3, is
22 amended to read:

23 **§973-A. Administration of Potato Marketing Improvement Fund**

24 The ~~commissioner~~ Maine Potato Board shall administer the
25 Potato Marketing Improvement Fund established under Title 10,
26 section 1023-N.

27 **Sec. 5. 7 MRSA §974-A, sub-§1, ¶D**, as enacted by PL 1987, c.
28 319, §4, is amended to read:

29 D. Other terms and conditions prescribed by rule by the
30 ~~commissioner~~ Maine Potato Board upon consultation with the
31 Potato Marketing Improvement Committee.

32 **Sec. 6. 7 MRSA §974-A, sub-§2.** as amended by PL 2001, c. 125,
33 §4, is further amended to read:

34 **2. State loan interest rate.** The interest rate for state
35 loans is 5%. Loans current on April 21, 1988 must be
36 renegotiated to an interest rate of 5%.

37 A fee for administrative costs, which must be at a rate set by
38 rule by the ~~commissioner~~ Maine Potato Board upon consultation
39 with the Potato Marketing Improvement Committee but that may not
40 exceed 1% of the loan, must be charged on all loans made for
41 projects, the total cost of which exceeds \$50,000. This fee must
42 be deposited in the Potato Marketing Improvement Fund.

2 **Sec. 7. 7 MRSA §975-A**, as amended by PL 1997, c. 388, §3, is
further amended to read:

4 **§975-A. Interest on Potato Marketing Improvement Fund balance**

6 All or any portion of the interest earned or accruing on the
cash balance of the Potato Marketing Improvement Fund may be used
8 for grants to partially or fully fund research projects to study
and assess technical problems experienced with new and
10 retrofitted storage facilities and to develop means of dealing
with such problems, or to examine, monitor and develop new
12 technologies for the production, storage and handling of potatoes
or to develop infrastructure.

14 **Sec. 8. 7 MRSA §976**, as enacted by PL 1989, c. 502, Pt. B,
16 §6, is amended to read:

18 **§976. Aroostook County office**

20 The department Maine Potato Board shall maintain or arrange
for the maintenance of an office in Aroostook County located in a
22 town most convenient to the largest number of potential users of
the Potato Marketing Improvement Fund ~~and sufficiently close to~~
24 ~~any local office of the Maine Potato Board as to foster a close~~
~~working relationship and provide a convenience to farmers who~~
26 ~~wish to visit both agencies.~~ This office shall must be staffed
by ~~a~~ one or more business development ~~specialist~~ specialists
28 whose responsibilities shall ~~be~~ are as defined by the department
board. The business development ~~specialist~~ specialists
30 must be available in the Aroostook County office on a regular
basis.

32 Should the performance of the functions of the business
34 development ~~specialist~~ specialists be contracted for, this
contract shall must be made by the agency managing the fund and
36 shall must be awarded through competitive bidding.

38 **Sec. 9. 7 MRSA §977**, as enacted by PL 2001, c. 125, §5, is
amended to read:

40 **§977. Potato Marketing Improvement Fund Operating Account**

42 There is established a Potato Marketing Improvement Fund
44 Operating Account. This account draws funds from the Potato
Marketing Improvement Fund established in Title 10, section
46 1023-N on a periodic basis to be determined by the department
Maine Potato Board to cover the costs of administering the fund
48 and any grants made.

2 **Sec. 10. 10 MRSA §1023-N**, as enacted by PL 2001, c. 125, §6,
is amended to read:

4 **§1023-N. Potato Marketing Improvement Fund**

6 There is created a fund known as the Potato Marketing
Improvement Fund, referred to in this section as the "fund." The
8 fund must be deposited with and maintained by the authority, to
be used solely for investment in the Maine potato industry. The
10 fund must be administered by the ~~Commissioner--of--Agriculture,~~
~~Food--and--Rural--Resources~~ Maine Potato Board in accordance with
12 Title 7, chapter 103, subchapter X 10. All money received by the
authority from any source for the development and implementation
14 of an improved storage, packing ~~and,~~ marketing and infrastructure
development program must be credited to the fund. Any money
16 credited to the fund from the issuance of bonds on behalf of the
State for agricultural development may be used only for the
18 purposes of state loans as prescribed by Title 7, section 974-A
to provide assistance to potato farmers for the design,
20 construction, improvement, support and operation of storage,
packing and marketing facilities and infrastructure development
22 and to pay the administrative costs of processing loan
applications and servicing and administering the fund and loans
24 and grants made therein, to the extent that the costs exceed the
fee for administrative costs established by Title 7, section
26 974-A, subsection 2. Repayment of these loans and interest on
the loans must be credited to the fund to be available for making
28 additional state loans for the same purposes, except that any
interest earned on the cash balance of the fund may be used for
30 the grants authorized by Title 7, section 975-A. In order to
provide additional amounts for loans, the ~~Commissioner--of~~
32 ~~Agriculture,--Food--and--Rural--Resources~~ Maine Potato Board, at the
~~commissioner's~~ its discretion, may take such actions and enter
34 into such agreements as may be necessary to sell or assign up to
\$2,000,000 in the aggregate principal amount of loans and
36 undivided interests in a pool of loans and assign or pledge any
mortgage or other security to the authority, under the terms and
38 conditions the ~~commissioner~~ Maine Potato Board considers
advisable. The assignment and related transactions may not
40 result in indebtedness of the State. The proceeds of the sale or
assignment must be credited to the fund and used for the purposes
42 authorized in this section.

44 A purchaser of a modern storage facility or other
infrastructure that was previously financed with a state loan
46 from the fund may receive a loan under the conditions of this
section. Mortgages obtained from the fund may be assumed by
48 subsequent purchasers of the property. The ~~Department--of~~
~~Agriculture,--Food--and--Rural--Resources~~ Maine Potato Board shall
50 adopt rules concerning the purchase of existing buildings.

2 Rules adopted pursuant to this section are routine technical
rules as defined in Title 5, chapter 375, subchapter II-A 2-A.
4 These rules must include provisions that ensure that such
purchases are in keeping with the purposes and intent of this
6 subchapter and of Private and Special Law 1981, chapters 65 and
75. They must also include a definition of a modern storage
8 facility.

10

SUMMARY

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14 This bill transfers the responsibilities of the Commissioner
of Agriculture, Food and Rural Resources as they pertain to
potato marketing, the Potato Marketing Improvement Committee and
16 the Potato Marketing Improvement Fund to the Maine Potato Board.