

MAINE STATE LEGISLATURE

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Date: 5/20/13

L.D. 5
(Filing No. H-198)

AGRICULTURE, CONSERVATION AND FORESTRY

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
126TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 9, L.D. 5, Bill, "An Act To Make Changes to the Potato Marketing Improvement Fund"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

Sec. 1. 5 MRSA §12004-H, sub-§10-A is enacted to read:

10-A.

Potato Marketing Improvement Fund Committee Expenses Only 7 MRSA §972-B

Sec. 2. 7 MRSA §970 is enacted to read:

§970. Definitions

As used in this article, unless the context otherwise indicates, the following terms have the following meanings.

1. Board. "Board" means the Maine Potato Board established in Title 36, section 4603.

2. Committee. "Committee" means the Potato Marketing Improvement Fund Committee under section 972-B.

3. Fund. "Fund" means the Potato Marketing Improvement Fund established in Title 10, section 1023-N.

Sec. 3. 7 MRSA §972-A, as enacted by PL 2005, c. 335, §3, is repealed.

Sec. 4. 7 MRSA §972-B is enacted to read:

§972-B. Potato Marketing Improvement Fund Committee

1. Members. The Potato Marketing Improvement Fund Committee, as established in Title 5, section 12004-H, subsection 10-A, consists of:

COMMITTEE AMENDMENT

- 1 A. The commissioner or the commissioner's designee; and
 2 B. Six members appointed by the board, 2 of whom must represent the processing
 3 sector of the potato industry, 2 of whom must represent the seed sector of the potato
 4 industry and 2 of whom must represent the tablestock sector of the potato industry.

5 **2. Duties.** The committee shall:

- 6 A. Advise the board on the development and implementation of programs and
 7 activities that improve the economic viability of the potato industry;
 8 B. Advise the board concerning the funding and expenditures of the fund; and
 9 C. Make recommendations to the board on authorized uses of the fund and activities
 10 relating to the fund other than activities relating to the processing of loan applications
 11 or the servicing and administration of loans.

12 **Sec. 5. 7 MRSA §973-A**, as enacted by PL 2001, c. 125, §3, is amended to read:

13 **§973-A. Administration of Potato Marketing Improvement Fund**

14 The ~~commissioner~~ board shall administer the ~~Potato Marketing Improvement Fund~~
 15 ~~established under Title 10, section 1023-N~~ fund.

16 **Sec. 6. 7 MRSA §974-A, sub-§1, ¶D**, as amended by PL 2005, c. 335, §4, is
 17 further amended to read:

18 D. Other terms and conditions prescribed by rule by the ~~commissioner~~ board upon
 19 consultation with the ~~board~~ committee.

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

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

24 A fee for administrative costs, which must be at a rate set by rule by the ~~commissioner~~
 25 ~~upon consultation with the Potato Marketing Improvement Committee~~ board but that may
 26 not exceed 1% of the loan, must be charged on all loans made for projects; the total cost
 27 of which exceeds \$50,000. This fee must be deposited in the ~~Potato Marketing~~
 28 ~~Improvement Fund~~ fund.

29 **Sec. 8. 7 MRSA §974-A, sub-§3** is enacted to read:

30 **3. Approval of loans and grants.** The commissioner has authority to approve all
 31 loans and grants from the fund.

32 **Sec. 9. 7 MRSA §976**, as amended by PL 2005, c. 335, §6, is further amended to
 33 read:

34 **§976. Aroostook County office**

35 The ~~department~~ board shall maintain or arrange for the maintenance of an office in
 36 Aroostook County located in a town most convenient to the largest number of potential
 37 users of the ~~Potato Marketing Improvement Fund~~ and sufficiently close to any local
 38 office of the board as to foster a close working relationship and provide a convenience to

1 ~~farmers who wish to visit both agencies fund.~~ This office must be staffed by one or more
 2 business development specialists ~~whose responsibilities are primarily responsible for~~
 3 work associated with the fund as well as other activities as defined by the ~~department~~
 4 board. The business development specialists ~~shall~~ must be available in the Aroostook
 5 County office on a regular basis.

6 Should the performance of the functions of the business development specialists be
 7 contracted for, this contract must be made by the ~~agency managing the fund board~~ and
 8 must be awarded through competitive bidding.

9 **Sec. 10. 7 MRSA §977**, as enacted by PL 2001, c. 125, §5, is amended to read:

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

11 There is established a Potato Marketing Improvement Fund Operating Account. This
 12 account draws funds from the ~~Potato Marketing Improvement Fund established in Title~~
 13 ~~10, section 1023-N fund~~ on a periodic basis to be determined by the ~~department board~~ to
 14 cover the costs of administering the fund and any grants made.

15 **Sec. 11. 10 MRSA §1023-N, first ¶**, as amended by PL 2005, c. 335, §7 and PL
 16 2011, c. 657, Pt. W, §6, is further amended to read:

17 There is created a fund known as the Potato Marketing Improvement Fund, referred
 18 to in this section as "the "fund." The fund must be deposited with and maintained by the
 19 authority to be used solely for investment in the Maine potato industry. The fund must be
 20 administered by the ~~Commissioner of Agriculture, Conservation and Forestry in~~
 21 ~~accordance with Title 7, chapter 103, subchapter 10~~ Maine Potato Board, established in
 22 Title 36, section 4603 and referred to in this section as "the board," and the Potato
 23 Marketing Improvement Fund Committee, established in Title 5, section 12004-H,
 24 subsection 10-A. All money received by the authority from any source for the
 25 development and implementation of improved storage, packing and marketing and
 26 programs and activities that improve the economic viability of the potato industry must
 27 be credited to the fund. Any money credited to the fund from the issuance of bonds on
 28 behalf of the State for agricultural development may be used only for the purposes of
 29 state loans as prescribed by Title 7, section 974-A to provide assistance to potato farmers
 30 for the design, construction, improvement, support and operation of storage, packing and
 31 marketing facilities; for programs and activities that improve the economic viability of
 32 the potato industry; and to pay the administrative costs of processing loan applications
 33 and servicing and administering the fund and loans and grants made therein, to the extent
 34 that the costs exceed the fee for administrative costs established by Title 7, section 974-A,
 35 subsection 2. At the discretion of the Commissioner of Agriculture, Conservation and
 36 Forestry, the authority shall make payments directly to the board, which shall use those
 37 payments to implement the requirements of this section. During any period that the
 38 commissioner has authorized direct payments from the authority to the board, the
 39 authority shall make written annual reports to the commissioner and the joint standing
 40 committee of the Legislature having jurisdiction over agriculture, conservation and
 41 forestry matters detailing the amounts of payments to the board and the dates payments
 42 were made and detailing the expenditure of those payments. Repayment of ~~these the~~
 43 loans and interest on the loans must be credited to the fund to be available for making
 44 additional state loans for the same purposes, except that any interest earned on the cash

1 balance of the fund may be used for the grants authorized by Title 7, section 975-A. In
 2 order to provide additional amounts for loans, the ~~Commissioner of Agriculture,~~
 3 ~~Conservation and Forestry~~ commissioner, ~~at the commissioner's discretion upon~~
 4 ~~consultation with the board~~, may take such actions and enter into such agreements as may
 5 be necessary to sell or assign up to \$2,000,000 in the aggregate principal amount of loans
 6 and undivided interests in a pool of loans and assign or pledge any mortgage or other
 7 security to the authority, under the terms and conditions the commissioner considers
 8 advisable upon consultation with the board. The assignment and related transactions may
 9 not result in indebtedness of the State. The proceeds of the sale or assignment must be
 10 credited to the fund and used for the purposes authorized in this section.

11 **Sec. 12. 10 MRSA §1023-N, 2nd ¶**, as enacted by PL 2001, c. 125, §6 and
 12 amended by PL 2011, c. 657, Pt. W, §5, is further amended to read:

13 A purchaser of a modern storage facility that was previously financed with a state
 14 loan from the fund may receive a loan under the conditions of this section. Mortgages
 15 obtained from the fund may be assumed by subsequent purchasers of the property. The
 16 ~~Department of Agriculture, Conservation and Forestry~~ board shall adopt rules concerning
 17 the purchase of existing buildings.

18 **Sec. 13. Appropriations and allocations.** The following appropriations and
 19 allocations are made.

20 **AGRICULTURE, CONSERVATION AND FORESTRY, DEPARTMENT OF**

21 **Division of Agricultural Resource Development 0833**

22 Initiative: Eliminates one Potato Storage Consultant position and deallocates funds from
 23 transferring the Potato Marketing Improvement Fund to the Maine Potato Board.

24	OTHER SPECIAL REVENUE FUNDS	2013-14	2014-15
25	POSITIONS - LEGISLATIVE COUNT	(1,000)	(1,000)
26	Personal Services	(\$90,491)	(\$93,103)
27	All Other	(\$75,000)	(\$75,000)
28			
29	OTHER SPECIAL REVENUE FUNDS TOTAL	(\$165,491)	(\$168,103)
30			

31 **SUMMARY**

32 This amendment strikes and replaces the bill. The amendment, like the bill, changes
 33 the governing authority of the Potato Marketing Improvement Fund from the Department
 34 of Agriculture, Conservation and Forestry to the Maine Potato Board. The bill requires
 35 the board to establish the Potato Marketing Improvement Fund Committee to advise the
 36 board. The amendment instead establishes the Potato Marketing Improvement Fund
 37 Committee in statute and changes the membership of the committee. The amendment
 38 authorizes the Finance Authority of Maine, at the discretion of the Commissioner of
 39 Agriculture, Conservation and Forestry, to make payments to the board from the fund to
 40 carry out the purposes of the fund. The amendment also requires the authority to provide
 41 written annual reports to the commissioner and the joint standing committee of the

1 Legislature having jurisdiction over agriculture, conservation and forestry matters
2 regarding the payments.

3 The amendment also adds an appropriations and allocations section.

4 **FISCAL NOTE REQUIRED**

5 **(See attached)**



126th MAINE LEGISLATURE

LD 5

LR 242(02)

An Act To Make Changes to the Potato Marketing Improvement Fund

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-198)

Committee: Agriculture, Conservation and Forestry

Fiscal Note Required: Yes

Fiscal Note

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
Appropriations/Allocations				
Other Special Revenue Funds	(\$165,491)	(\$168,103)	(\$170,896)	(\$173,773)
Revenue				
Other Special Revenue Funds	(\$165,491)	(\$168,103)	(\$168,103)	(\$168,103)

Fiscal Detail and Notes

This legislation transfers governance of the Potato Marketing Improvement Fund from the Department of Agriculture, Conservation and Forestry to the Maine Potato Board. As a result, the bill includes a deallocation of \$165,491 in fiscal year 2013-14 and \$168,103 in fiscal year 2014-15 to the department related to Personal Services and All Other costs for one Potato Storage Consultant position. Since the bill transfers this position's responsibilities but not the actual position to the Maine Potato Board, this analysis assumes the position would be eliminated. Additionally, the department receives reimbursement from the Finance Authority of Maine for the costs of this position. This revenue, \$165,491 in fiscal year 2013-14 and \$168,103 in fiscal year 2014-15, would be eliminated in the bill.

Additional costs to the Finance Authority of Maine can be absorbed within existing budgeted resources.