

MAINE STATE LEGISLATURE

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128th MAINE LEGISLATURE

SECOND REGULAR SESSION-2018

Legislative Document

No. 1839

S.P. 691

In Senate, February 13, 2018

An Act To Amend the Law Regarding the Interest Rate for State Loans under the Potato Marketing Improvement Fund

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

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

A handwritten signature in cursive script, reading "Heather J.R. Priest".

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator JACKSON of Aroostook.
Cosponsored by Representative MARTIN of Eagle Lake and
Senators: CARPENTER of Aroostook, DAVIS of Piscataquis, DILL of Penobscot,
SAVIELLO of Franklin, Representatives: BLACK of Wilton, DUNPHY of Old Town,
McCREA of Fort Fairfield, TIMBERLAKE of Turner.

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

2 **Sec. 1. 7 MRSA §974-A, sub-§1, ¶C**, as enacted by PL 1987, c. 319, §4, is
3 amended to read:

4 C. State loans shall must be at the interest rate established pursuant to subsection ~~2~~
5 2-A.

6 **Sec. 2. 7 MRSA §974-A, sub-§2**, as amended by PL 2013, c. 403, §7, is repealed.

7 **Sec. 3. 7 MRSA §974-A, sub-§2-A** is enacted to read:

8 **2-A. State loan interest rate.** The interest rate for state loans is the prime rate on
9 the date of loan closing but may not be greater than 5%. Loans current on the effective
10 date of this subsection may be renegotiated at the borrower's request to an interest rate of
11 the prime rate on the date of loan closing but not greater than 5%.

12 A fee for administrative costs, which must be at a rate set by rule by the board but may
13 not exceed 1% of the loan, must be charged on a loan made for a project the total cost of
14 which exceeds \$50,000. This fee must be deposited in the fund.

15 **Sec. 4. 10 MRSA §1023-N, first ¶**, as amended by PL 2013, c. 403, §11, is
16 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 Maine Potato Board, established in Title 36, section 4603 and
21 referred to in this section as "the board," and the Potato Marketing Improvement Fund
22 Committee, established in Title 5, section 12004-H, subsection 10-A. All money
23 received by the authority from any source for the development and implementation of
24 improved storage, packing and marketing and programs and activities that improve the
25 economic viability of the potato industry must be credited to the fund. Any money
26 credited to the fund from the issuance of bonds on behalf of the State for agricultural
27 development may be used only for the purposes of state loans as prescribed by Title 7,
28 section 974-A to provide assistance to potato farmers for the design, construction,
29 improvement, support and operation of storage, packing and marketing facilities; for
30 programs and activities that improve the economic viability of the potato industry; and to
31 pay the administrative costs of processing loan applications and servicing and
32 administering the fund and loans and grants made therein, to the extent that the costs
33 exceed the fee for administrative costs established by Title 7, section 974-A, subsection ~~2~~
34 2-A. At the discretion of the Commissioner of Agriculture, Conservation and Forestry,
35 the authority shall make payments directly to the board, which shall use those payments
36 to implement the requirements of this section. During any period that the commissioner
37 has authorized direct payments from the authority to the board, the authority shall make
38 written annual reports to the commissioner and the joint standing committee of the
39 Legislature having jurisdiction over agriculture, conservation and forestry matters
40 detailing the amounts of payments to the board and the dates payments were made and
41 detailing the expenditure of those payments. Repayment of the loans and interest on the

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

12 **SUMMARY**

13 This bill changes the interest rate on loans made through the Potato Marketing
14 Improvement Fund from a fixed rate of 5% to the federal prime rate at the time of loan
15 closing or up to a maximum of 5%.