

Amendment to LD 204
An Act To Amend the Law Regarding the Interest Rate for State Loans under the Potato Marketing Improvement Fund

Offered by Senator Stewart
(based on feedback from the Finance Authority of Maine)
February 23, 2021

Amend the bill in section 3 as follows:

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

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

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

SUMMARY

This amendment specifies that the interest rate for state loans under the Potato Marketing Improvement Fund is the federal prime rate. The amendment also provides that the interest rate is set to reflect the federal prime rate on the date of loan commitment rather than the date of loan closing as proposed in the bill.