



130th MAINE LEGISLATURE

LD 219

LR 75(02)

An Act To Enhance the Agricultural Marketing Loan Fund by Establishing a Variable Interest Rate for Loans and To Allow Participants in the Maine Farms for the Future Program To Borrow at That Rate

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Agriculture, Conservation and Forestry

Fiscal Note Required: Yes

Fiscal Note

	FY 2021-22	FY 2022-23	Projections FY 2023-24	Projections FY 2024-25
Net Cost (Savings)				
General Fund	\$0	\$550,000	\$550,000	\$550,000
Appropriations/Allocations				
Other Special Revenue Funds	\$0	\$700,000	\$550,000	\$550,000
Transfers				
General Fund	\$0	(\$550,000)	(\$550,000)	(\$550,000)
Other Special Revenue Funds	\$0	\$550,000	\$550,000	\$550,000

Fiscal Detail and Notes

This bill changes the funding structure and eligibility criteria for grants made through the Agricultural Development Fund administered by the Department of Agriculture, Conservation and Forestry (ACF). It also changes the eligibility criteria, loan limits, and interest rates on loans made from the Agricultural Marketing Loan Fund within the Finance Authority of Maine (FAME) but administered by ACF.

This bill requires the State Controller to make annual transfers of \$550,000 from General Fund undedicated revenue to the Agricultural Development Fund within ACF and includes ongoing allocations to ACF of that amount beginning in fiscal year 2022-23 to allow expenditure of the funds. The bill also directs FAME to transfer the balance of interest in the Agricultural Marketing Loan Fund and any previously awarded agricultural development grant funds that have not been paid to grantees to the Agricultural Development Fund. The amount of these transfers will not be known until the transfer is made, but the bill includes a one-time allocation of \$150,000 in fiscal year 2022-23 to allow expenditure of that amount.

Under current law, an agricultural marketing loan that exceeds \$100,000 may not exceed 75% of the total project cost and a loan of \$100,000 or less may not exceed 90% of the total project cost. Under this bill the 75% cap is removed and all loans are limited to 90% of the total project cost. The bill also changes the interest rate for agricultural marketing loans from 5% per year to the federal prime rate on the date of loan commitment up to a maximum of 5%. This change may reduce interest received on loans and credited to the fund for future use. The reduction in interest earnings will depend on the number of loans issued at an interest rate lower than the current 5% rate.