

STATE OF MAINE

—
IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY-TWO

—
H.P. 154 - L.D. 219

An Act To Improve the Agricultural Marketing Loan Fund and Agricultural Development Grant

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

Sec. 1. 7 MRSA §306-A, as amended by PL 2013, c. 64, §§1 and 2, is further amended to read:

§306-A. Agricultural Development Fund

1. Agricultural Development Fund. The commissioner shall establish ~~an agricultural development fund~~ the Agricultural Development Fund, referred to in this section as "the fund," to accelerate ~~new~~ market development, adoption of ~~advantageous technologies~~ technology and promotion of state agricultural products by state producers.

2. Fund operation. The commissioner shall utilize the ~~agricultural development~~ fund to:

- A. Provide grants to ~~individuals, firms or organizations~~ public agencies and private for-profit entities and nonprofit entities based in the State to conduct market research or to undertake market promotion activities for the purpose of expanding existing markets and developing new markets for state agricultural products; ~~and~~
- B. Test and demonstrate new technologies related to the production, storage and processing of state agricultural ~~commodities~~ products; and
- C. Provide technical assistance grants for conducting market research, feasibility studies, engineering studies, construction planning, land use planning, facility design and configuration planning and for funding the purchase of on-farm equipment and other technology purchases that directly support the growth of agricultural enterprises as defined in section 434.

The commissioner may disburse grant money awarded to an applicant during any of the 3 fiscal years following award of the grant to an applicant.

3. Rulemaking. The commissioner shall establish, by rule, in a manner consistent with Title 5, chapter 375, subchapter 2-A criteria for the allocation of grant money, application requirements consistent with the provisions of this section, a schedule for

accepting and reviewing applications, reporting requirements on grant expenditures and project results and any other administrative requirements necessary for the efficient implementation of this program. Rules adopted pursuant to this subsection are ~~major substantive~~ routine technical rules as defined in Title 5, chapter 375, subchapter 2-A. The commissioner is guided by the following criteria:

A. Applications may be submitted by ~~individuals, firms or organizations~~ public agencies and private for-profit entities and nonprofit entities based in the State in response to a request for proposals for competitive grants. The commissioner may also contract directly with ~~individuals, firms or organizations~~ public agencies and private for-profit entities and nonprofit entities for a special project under section 307;

B. A percentage of the total cost of any project must be funded by the applicant or applicants and a percentage of the total cost must be funded from nonpublic sources. These percentages must be established by rule. A single grant may not exceed 50% of the total funds available to be granted in a given year;

C. Information relative to market research or development activities provided to the commissioner prior to formal application, included in grant applications or provided to the commissioner to fulfill reporting requirements is confidential information and may not be publicly disclosed by the commissioner as long as:

(1) The person to whom the information belongs or pertains has requested that certain information be designated as confidential; and

(2) The commissioner has determined that the information gives the person making the request opportunity to obtain business or competitive advantage over another person who does not have access to the information or will result in loss of business or other significant detriment to the person making the request if access is provided to others; and

D. When possible, the commissioner shall award grants to applicants representing diverse agricultural enterprises and geographic areas of the State.

4. Advisory committee. The commissioner shall establish the Agricultural Development Committee to evaluate ~~market and production development competitive~~ grant applications and review project results.

Sec. 2. 7 MRSA §307, as amended by PL 2013, c. 64, §3, is further amended to read:

§307. Special projects

The commissioner may contract directly with the University of Maine System or qualified ~~individuals, firms or organizations~~ public agencies and private for-profit entities and nonprofit entities based in the State for market research, for testing new technologies and for research on technical problems related to the production, marketing, storage and processing of agricultural ~~commodities~~ products.

Sec. 3. 7 MRSA §308, as amended by PL 1999, c. 72, §6, is repealed.

Sec. 4. 7 MRSA §434, sub-§1, as amended by PL 2001, c. 152, §1, is further amended to read:

1. Agricultural enterprise. "Agricultural enterprise" means a person or business located in this State and engaged or beginning to engage in the commercial growing or harvesting of plants; raising of animals; growing or obtaining plant or animal by-products; aquaculture, as defined in Title 12, section 6001, subsection 1; or further processing, storing, packaging or marketing a raw product derived from plants, animals, plant or animal by-products or aquaculture, as defined in Title 12, section 6001, subsection 1, with the intent that the product be sold or otherwise disposed of to generate income. "Agricultural enterprise" includes a business or activity that attracts visitors to a farm for the purpose of supplementing income from the primary crop or livestock operation. "Agricultural enterprise" does not include a business engaged primarily in the growing, harvesting or further processing of forest species of trees for the purpose of producing pulp or other materials used in the paper manufacturing or wood manufacturing process.

Sec. 5. 7 MRSA §435, sub-§2, ¶A, as amended by PL 2003, c. 168, §1, is further amended to read:

A. An agricultural marketing loan for any project under this subchapter, the total cost of which exceeds ~~\$100,000~~ \$200,000, may not exceed ~~75%~~ 90% of the project cost. A loan from the fund may not be provided for such a project unless the applicant demonstrates a commitment of private funds of at least 5% of the total cost of the project; except that, in order to encourage the undertaking of cooperative projects by 2 or more agricultural enterprises, an agricultural marketing loan may not be provided unless the cooperating agricultural enterprises as a group demonstrate a commitment of private funds of at least 5% of the total cost of the project.

Sec. 6. 7 MRSA §435, sub-§2, ¶B, as amended by PL 2003, c. 168, §1, is further amended to read:

B. An agricultural marketing loan for any project under this subchapter, the total cost of which is ~~\$100,000~~ \$200,000 or less, may not exceed 90% of the total cost of the project.

Sec. 7. 7 MRSA §435, sub-§3, as amended by PL 2007, c. 660, §12, is repealed.

Sec. 8. 7 MRSA §435, sub-§3-A, as enacted by PL 2007, c. 660, §13, is amended to read:

3-A. Loans for participants in the Maine Farms for the Future Program. The interest rate for loans for capital improvements identified in a business plan developed under section 318 for a farm determined eligible under section 319 is the federal prime rate on the date of loan commitment but may not be greater than 2% per year.

Sec. 9. 7 MRSA §435, sub-§3-B is enacted to read:

3-B. Interest rate. Except as provided in subsection 3-A, the interest rate for loans under this section is the federal prime rate on the date of loan 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 but not greater than 5%.

Sec. 10. 7 MRSA §436, as amended by PL 2007, c. 660, §15, is further amended to read:

§436. Grants for technical assistance and research

The commissioner may use all or a portion of the accrued interest in the cash balance of the Agricultural Marketing Loan Fund ~~and all or a portion of loan repayments for grants for technical assistance and for grants from the agricultural development grant program~~ Agricultural Development Fund in chapter 10. ~~The commissioner may expend grant dollars designated to an applicant in one fiscal year during any of the 3 fiscal years following designation.~~

Sec. 11. 10 MRSA §1023-J, first ¶, as amended by PL 2017, c. 475, Pt. A, §12, is further amended to read:

The Agricultural Marketing Loan Fund, referred to in this section as "the "fund," is created. The fund must be deposited with and maintained by the Finance Authority of Maine. The fund must be administered by the Commissioner of Agriculture, Conservation and Forestry in accordance with Title 7, chapter 101, subchapter 1-D. All money received by the Finance Authority of Maine from any source for the development and implementation of an improved agricultural marketing loan program must be credited to the fund. Any money credited to the fund from the issuance of bonds on behalf of the State for financing loans for agricultural enterprises may be used only for the following purposes: to provide assistance to agricultural enterprises in this State for the design, purchase, construction, renovation or improvement of commodity and storage buildings and packing and marketing facilities ~~equipment~~ equipment essential to the agricultural enterprise; for the purchase, construction or renovation of ~~buildings, equipment,~~ docks, wharves, piers or vessels used in connection with a commercial agricultural enterprise; for the purchase of land in connection with development of new cranberry acreage; for the purchase of land for irrigation reservoirs or to provide direct access to water for irrigation or to fund the development of new or existing sustainable water sources; for the purchase of land necessary for the start-up of a new agricultural enterprise; for the purchase of land necessary for the expansion of an existing agricultural enterprise ~~when the land acquisition is necessary to comply with land use regulations~~; for the development of a business plan for improvements to pastureland, including seeding and actions to promote rotational grazing; for the design or implementation of improvements to infrastructure, equipment and natural resources to enhance a commercial agricultural enterprise's climate adaptation or mitigation capacity; for refinancing existing loans used to finance eligible uses as defined in this section; or, if the commissioner so approves at the time of loan insurance commitment, to pledge money in the fund as security for, and to apply money in the fund to, payment of principal, interest and other amounts due on any term loans insured by the Finance Authority of Maine to an eligible dairy farmer. Repayment of these loans and interest on these loans must be credited to the fund ~~and may be used for the purposes stated in this section or Title 7, section 436.~~ Interest earned on money in the fund and interest earned on loans made from the fund may be used to pay the administrative costs of processing loan applications and servicing and administering the fund and loans ~~and grants made from the fund since the inception of the agricultural marketing loan program, to the extent that these costs exceed the fee for administrative costs established by Title 7, section 435, subsection 4.~~

Sec. 12. Transfer balance of interest in the Agricultural Marketing Loan Fund. Notwithstanding any provision of law to the contrary, no later than September 1, 2022 the Finance Authority of Maine shall transfer the balance of realized interest in the Agricultural Marketing Loan Fund, as established under the Maine Revised Statutes, Title

10, section 1023-J, and any previously awarded agricultural development grant funds that have not been paid to grantees to the Agricultural Development Fund, as established under Title 7, section 306-A, through a transfer to the Agricultural Development Fund, Other Special Revenue Funds account.

Sec. 13. Transfer from unappropriated surplus of the General Fund.

Notwithstanding any provision of law to the contrary, on or before June 30, 2023, the State Controller shall transfer \$467,240 from the unappropriated surplus of the General Fund to the Department of Agriculture, Conservation and Forestry, Agricultural Development Fund Other Special Revenue Funds account.

Sec. 14. Appropriations and allocations. The following appropriations and allocations are made.

AGRICULTURE, CONSERVATION AND FORESTRY, DEPARTMENT OF

Bureau of Agriculture 0393

Initiative: Provides a one-time allocation for grants to public agencies, private for-profit entities and nonprofit entities based in the State to conduct market research or to undertake market promotion activities for the purpose of expanding existing markets and developing new markets for state agricultural products; to test and demonstrate new technologies related to the production, storage and processing of state agricultural products; and to provide technical assistance grants for conducting market research, feasibility studies, engineering studies, construction planning, land use planning, facility design and configuration planning and funding the purchase of on-farm equipment and other technology purchases that directly support the growth of agricultural enterprises.

OTHER SPECIAL REVENUE FUNDS	2021-22	2022-23
All Other	\$0	\$617,240
OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	\$617,240