



130th MAINE LEGISLATURE

FIRST REGULAR SESSION-2021

Legislative Document

No. 204

S.P. 93

In Senate, January 27, 2021

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

(EMERGENCY)

Received by the Secretary of the Senate on January 25, 2021. Referred to the Committee on Agriculture, Conservation and Forestry pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator STEWART of Aroostook.
Cosponsored by Representative BERNARD of Caribou and
Senator: BLACK of Franklin, Representatives: McCREA of Fort Fairfield, UNDERWOOD of
Presque Isle.

1 **Emergency preamble.** Whereas, acts and resolves of the Legislature do not
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3 **Whereas,** this legislation changes the interest rate for loans under the Potato
4 Marketing Improvement Fund; and

5 **Whereas,** this legislation needs to take effect before the expiration of the 90-day
6 period in order to offer loans at the revised interest rate as soon as possible; and

7 **Whereas,** in the judgment of the Legislature, these facts create an emergency within
8 the meaning of the Constitution of Maine and require the following legislation as
9 immediately necessary for the preservation of the public peace, health and safety; now,
10 therefore,

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

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

14 C. State loans ~~shall~~ must be at the interest rate established pursuant to subsection ~~2~~
15 2-A.

16 **Sec. 2. 7 MRSA §974-A, sub-§2,** as amended by PL 2013, c. 403, §7, is repealed.

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

18 **2-A. State loan interest rate.** The interest rate for state loans is the prime rate on the
19 date of loan closing but may not be greater than 5%. Loans current on the effective date of
20 this subsection may be refinanced at the borrower's request to an interest rate of the prime
21 rate on the date of loan closing but not greater than 5%.

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

25 **Sec. 4. 10 MRSA §1023-N, first ¶,** as amended by PL 2013, c. 403, §11, is further
26 amended to read:

27 There is created a fund known as the Potato Marketing Improvement Fund, referred to
28 in this section as "the fund." The fund must be deposited with and maintained by the
29 authority to be used solely for investment in the Maine potato industry. The fund must be
30 administered by the Maine Potato Board, established in Title 36, section 4603 and referred
31 to in this section as "the board," and the Potato Marketing Improvement Fund Committee,
32 established in Title 5, section 12004-H, subsection 10-A. All money received by the
33 authority from any source for the development and implementation of improved storage,
34 packing and marketing and programs and activities that improve the economic viability of
35 the potato industry must be credited to the fund. Any money credited to the fund from the
36 issuance of bonds on behalf of the State for agricultural development may be used only for
37 the purposes of state loans as prescribed by Title 7, section 974-A to provide assistance to
38 potato farmers for the design, construction, improvement, support and operation of storage,
39 packing and marketing facilities; for programs and activities that improve the economic
40 viability of the potato industry; and to pay the administrative costs of processing loan
41 applications and servicing and administering the fund and loans and grants made therein,
42 to the extent that the costs exceed the fee for administrative costs established by Title 7,

1 section 974-A, subsection 2 ~~2-A~~. At the discretion of the Commissioner of Agriculture,
2 Conservation and Forestry, the authority shall make payments directly to the board, which
3 shall use those payments to implement the requirements of this section. During any period
4 that the commissioner has authorized direct payments from the authority to the board, the
5 authority shall make written annual reports to the commissioner and the joint standing
6 committee of the Legislature having jurisdiction over agriculture, conservation and forestry
7 matters detailing the amounts of payments to the board and the dates payments were made
8 and detailing the expenditure of those payments. Repayment of the loans and interest on
9 the loans must be credited to the fund to be available for making additional state loans for
10 the same purposes, except that any interest earned on the cash balance of the fund may be
11 used for the grants authorized by Title 7, section 975-A. In order to provide additional
12 amounts for loans, the commissioner, upon consultation with the board, may take such
13 actions and enter into such agreements as may be necessary to sell or assign up to
14 \$2,000,000 in the aggregate principal amount of loans and undivided interests in a pool of
15 loans and assign or pledge any mortgage or other security to the authority, under the terms
16 and conditions the commissioner considers advisable upon consultation with the board.
17 The assignment and related transactions may not result in indebtedness of the State. The
18 proceeds of the sale or assignment must be credited to the fund and used for the purposes
19 authorized in this section.

20 **Emergency clause.** In view of the emergency cited in the preamble, this legislation
21 takes effect when approved.

22 SUMMARY

23 This bill changes the interest rate on loans made through the Potato Marketing
24 Improvement Fund from a fixed rate of 5% to the federal prime rate on the date of loan
25 closing or up to a maximum of 5% and allows existing loans in good standing to be
26 refinanced at the same rate.