



130th MAINE LEGISLATURE

LD 219

LR 75(05)

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

Fiscal Note for Bill as Engrossed with:

C "A" (H-890)

S "A" (S-587) to C "A" (H-890)

Committee: Agriculture, Conservation and Forestry

Fiscal Note

	FY 2021-22	FY 2022-23	Projections FY 2023-24	Projections FY 2024-25
Net Cost (Savings)				
General Fund	\$0	\$467,240	\$0	\$0
Appropriations/Allocations				
Other Special Revenue Funds	\$0	\$617,240	\$0	\$0
Transfers				
General Fund	\$0	(\$467,240)	\$0	\$0
Other Special Revenue Funds	\$0	\$467,240	\$0	\$0

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 includes a one-time transfer of \$467,240 from General Fund undedicated revenue to the Agricultural Development Fund within ACF and an allocation 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.