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No. 5

H.P. 9

House of Representatives, January 15, 2013

An Act To Make Changes to the Potato Marketing Improvement Fund

Reference to the Committee on Agriculture, Conservation and Forestry suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative WILLETTE of Mapleton.
Cosponsored by Senator JACKSON of Aroostook and
Representatives: BLACK of Wilton, CRAY of Palmyra, LONG of Sherman, McELWEE of
Caribou, SAUCIER of Presque Isle, TYLER of Windham, Senator: SHERMAN of Aroostook.

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

2 **Sec. 1. 7 MRSA §972-A**, as enacted by PL 2005, c. 335, §3, is repealed.

3 **Sec. 2. 7 MRSA §972-B** is enacted to read:

4 **§972-B. Potato Marketing Improvement Fund Committee**

5 The Maine Potato Board, established in Title 36, section 4603 and referred to in this
6 article as "the board," shall establish the Potato Marketing Improvement Fund
7 Committee, referred to in this article as "the committee," to advise the board on the
8 development and implementation of programs and activities that improve the economic
9 viability of the potato industry. The committee also shall advise the board concerning the
10 funding and expenditures of the Potato Marketing Improvement Fund created pursuant to
11 Title 10, section 1023-N and referred to in this article as "the fund." The committee shall
12 make recommendations to the board on authorized uses of the fund and activities relating
13 to the fund other than activities relating to the processing of loan applications or the
14 servicing and administration of loans.

15 The board shall appoint 7 members to the committee. One member must be the past
16 president of the board, and the remaining members must represent all sectors of the
17 potato industry, with 2 members each from the processing, seed and tablestock sectors.

18 **Sec. 3. 7 MRSA §973-A**, as enacted by PL 2001, c. 125, §3, is amended to read:

19 **§973-A. Administration of Potato Marketing Improvement Fund**

20 The ~~commissioner~~ board shall administer the ~~Potato Marketing Improvement Fund~~
21 established under Title 10, section 1023-N ~~fund~~.

22 **Sec. 4. 7 MRSA §974-A, sub-§1, ¶D**, as amended by PL 2005, c. 335, §4, is
23 further amended to read:

24 D. Other terms and conditions prescribed by rule by the ~~commissioner~~ board upon
25 consultation with the ~~board~~ committee.

26 **Sec. 5. 7 MRSA §974-A, sub-§2**, as amended by PL 2001, c. 125, §4, is further
27 amended to read:

28 **2. State loan interest rate.** The interest rate for state loans is 5%. Loans current on
29 April 21, 1988 must be renegotiated to an interest rate of 5%.

30 A fee for administrative costs, which must be at a rate set by rule by the ~~commissioner~~
31 board upon consultation with the ~~Potato Marketing Improvement Committee~~ committee
32 but that may not exceed 1% of the loan, must be charged on all loans made for projects,
33 the total cost of which exceeds \$50,000. This fee must be deposited in the ~~Potato~~
34 Marketing Improvement Fund ~~fund~~.

35 **Sec. 6. 7 MRSA §976**, as amended by PL 2005, c. 335, §6, is further amended to
36 read:

1 **§976. Aroostook County office**

2 The ~~department board~~ shall maintain or arrange for the maintenance of an office in
3 Aroostook County located in a town most convenient to the largest number of potential
4 users of the ~~Potato Marketing Improvement Fund and sufficiently close to any local~~
5 ~~office of the board as to foster a close working relationship and provide a convenience to~~
6 ~~farmers who wish to visit both agencies fund~~. This office must be staffed by one or more
7 business development specialists whose responsibilities are as defined by the ~~department~~
8 ~~board~~. The business development specialists shall be available in the Aroostook County
9 office on a regular basis.

10 Should the performance of the functions of the business development specialists be
11 contracted for, this contract must be made by the ~~agency managing the fund board~~ and
12 must be awarded through competitive bidding.

13 **Sec. 7. 7 MRSA §977**, as enacted by PL 2001, c. 125, §5, is amended to read:

14 **§977. Potato Marketing Improvement Fund Operating Account**

15 There is established a Potato Marketing Improvement Fund Operating Account. This
16 account draws funds from the ~~Potato Marketing Improvement Fund established in Title~~
17 ~~10, section 1023-N fund~~ on a periodic basis to be determined by the ~~department board~~ to
18 cover the costs of administering the fund and any grants made.

19 **Sec. 8. 10 MRSA §1023-N, first ¶**, as amended by PL 2005, c. 335, §7 and PL
20 2011, c. 657, Pt. W, §6, is further amended to read:

21 There is created a fund known as the Potato Marketing Improvement Fund, referred
22 to in this section as the "fund." The fund must be deposited with and maintained by the
23 authority to be used solely for investment in the Maine potato industry. The fund must be
24 administered by the ~~Commissioner of Agriculture, Conservation and Forestry in~~
25 ~~accordance with Title 7, chapter 103, subchapter 10~~ Maine Potato Board, established in
26 Title 36, section 4603. All money received by the authority from any source for the
27 development and implementation of improved storage, packing and marketing and
28 programs and activities that improve the economic viability of the potato industry must
29 be credited to the fund. Any money credited to the fund from the issuance of bonds on
30 behalf of the State for agricultural development may be used only for the purposes of
31 state loans as prescribed by Title 7, section 974-A to provide assistance to potato farmers
32 for the design, construction, improvement, support and operation of storage, packing and
33 marketing facilities; for programs and activities that improve the economic viability of
34 the potato industry; and to pay the administrative costs of processing loan applications
35 and servicing and administering the fund and loans and grants made therein, to the extent
36 that the costs exceed the fee for administrative costs established by Title 7, section 974-A,
37 subsection 2. Repayment of these loans and interest on the loans must be credited to the
38 fund to be available for making additional state loans for the same purposes, except that
39 any interest earned on the cash balance of the fund may be used for the grants authorized
40 by Title 7, section 975-A. In order to provide additional amounts for loans, the
41 ~~Commissioner of Agriculture, Conservation and Forestry, at the commissioner's~~
42 ~~discretion,~~ Maine Potato Board may take such actions and enter into such agreements as

1 may be necessary to sell or assign up to \$2,000,000 in the aggregate principal amount of
2 loans and undivided interests in a pool of loans and assign or pledge any mortgage or
3 other security to the authority, under the terms and conditions the ~~commissioner~~ Maine
4 Potato Board considers advisable. The assignment and related transactions may not result
5 in indebtedness of the State. The proceeds of the sale or assignment must be credited to
6 the fund and used for the purposes authorized in this section.

7 **Sec. 9. 10 MRSA §1023-N, 2nd ¶**, as enacted by PL 2001, c. 125, §6 and
8 amended by PL 2011, c. 657, Pt. W, §5, is further amended to read:

9 A purchaser of a modern storage facility that was previously financed with a state
10 loan from the fund may receive a loan under the conditions of this section. Mortgages
11 obtained from the fund may be assumed by subsequent purchasers of the property. The
12 ~~Department of Agriculture, Conservation and Forestry~~ Maine Potato Board shall adopt
13 rules concerning the purchase of existing buildings.

14 **SUMMARY**

15 This bill changes the governing authority of the Potato Marketing Improvement Fund
16 from the Department of Agriculture, Conservation and Forestry to the Maine Potato
17 Board. This bill requires the Maine Potato Board to establish the Potato Marketing
18 Improvement Fund Committee to advise the board.