

HOUSE BILL 294

Unofficial Copy  
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2000 Regular Session  
0lr0608

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By: **Delegates Morhaim, Cane, Hubbard, R. Baker, Zirkin, Hecht,  
Mohorovic, D'Amato, Glassman, Nathan-Pulliam, Walkup, Boschert,  
Grosfeld, Turner, Sophocleus, Hurson, Shriver, Carlson, Rosso, and  
Clagett**

Introduced and read first time: January 28, 2000

Assigned to: Environmental Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Agriculture - Small Farm Protection Loan Program**

3 FOR the purpose of establishing the Small Farm Protection Loan Program under the  
4 Department of Agriculture; stating the purpose of the Program; defining certain  
5 terms; authorizing the Department to make loans up to certain amounts to  
6 certain entities under certain circumstances; authorizing the Department to  
7 modify a loan, establish the principal amount and maturity of a loan, enforce  
8 loan repayment, foreclose mortgages, obtain and enforce judgments, require and  
9 obtain certain information, contract for certain services, and adopt necessary  
10 regulations; requiring the Department to require a certain security for a loan  
11 under this Act; requiring the Governor to provide certain funding in the State  
12 budget for the Program; establishing penalties for certain violations under the  
13 Program; requiring the Department to submit a certain annual report by a  
14 certain date; and generally relating to the Small Farm Protection Loan  
15 Program.

16 BY adding to  
17 Article - Agriculture  
18 Section 2-901 through 2-907, inclusive, to be under the new subtitle "Subtitle 9.  
19 Small Farm Protection Loan Program"  
20 Annotated Code of Maryland  
21 (1999 Replacement Volume and 1999 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
23 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Agriculture**2 **SUBTITLE 9. SMALL FARM PROTECTION LOAN PROGRAM.**

3 2-901.

4 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
5 INDICATED.

6 (B) "FUND" MEANS THE SMALL FARM PROTECTION LOAN FUND.

7 (C) "PROGRAM" MEANS THE SMALL FARM PROTECTION LOAN PROGRAM.

8 (D) "SMALL FARM" MEANS A FARM IN THE STATE THAT GROSSES AN INCOME  
9 OF UNDER \$250,000 ANNUALLY.

10 (E) "SUSTAINABLE AGRICULTURAL TECHNIQUE" INCLUDES:

11 (1) USING INTEGRATED PEST MANAGEMENT SYSTEMS;

12 (2) USING ROTATIONAL GRAZING TO PROVIDE FORAGE;

13 (3) PLANTING WINTER COVER CROPS TO MANAGE NUTRIENT RUNOFF  
14 AND PROMOTE SOIL CONSERVATION;

15 (4) DEVELOPING AND IMPLEMENTING NUTRIENT MANAGEMENT PLANS;

16 (5) IMPLEMENTING MEASURES TO PRODUCE ORGANIC COMMODITIES,  
17 AS CERTIFIED BY THE DEPARTMENT;18 (6) PARTICIPATING IN A COMMUNITY SUPPORTED AGRICULTURAL  
19 PROGRAM;20 (7) IMPLEMENTING MEASURES THAT DO NOT USE ANTIBIOTICS, HEAVY  
21 METALS, OR HORMONES TO PROMOTE ANIMAL GROWTH; OR22 (8) PROMOTING LOCAL FARM COOPERATIVES TO ENHANCE SMALL  
23 FARM INCOME.

24 2-902.

25 (A) THERE IS A SMALL FARM PROTECTION LOAN PROGRAM MANAGED AND  
26 SUPERVISED BY THE DEPARTMENT.27 (B) THERE IS A SMALL FARM PROTECTION LOAN FUND MANAGED AND  
28 SUPERVISED BY THE DEPARTMENT, CONSISTING OF MONEYS DEPOSITED UNDER §  
29 2-905 OF THIS SUBTITLE.

1 2-903.

2 THE PURPOSE OF THE PROGRAM IS TO MAKE LOANS AT A PREFERRED RATE OF  
3 INTEREST TO SMALL FARMS TO FINANCE THE IMPLEMENTATION OF SUSTAINABLE  
4 AGRICULTURAL TECHNIQUES TO:

- 5 (1) PROMOTE THE LONG-TERM PROFITABILITY OF SMALL FARMS;  
6 (2) ENCOURAGE ENVIRONMENTALLY SOUND PRACTICES; AND  
7 (3) PROMOTE A HEALTHY QUALITY OF RURAL LIFE.

8 2-904.

9 (A) (1) (I) THE DEPARTMENT MAY MAKE DIRECT LOANS OUT OF THE  
10 FUND TO SMALL FARMS TO FINANCE THE IMPLEMENTATION OF SUSTAINABLE  
11 AGRICULTURAL TECHNIQUES, AT AN INTEREST RATE THAT WILL MAKE THE  
12 PROGRAM SELF-SUPPORTING, IN AN AMOUNT NOT EXCEEDING:

- 13 1. \$250,000 TO AN INDIVIDUAL QUALIFYING SMALL FARM; OR  
14 2. \$2,000,000 TO A COOPERATIVE OF SMALL FARMS.

15 (II) IN ESTABLISHING THE INTEREST RATE FROM TIME TO TIME,  
16 THE DEPARTMENT SHALL TAKE INTO ACCOUNT ALL OF THE EXPENSES OF THE  
17 PROGRAM, INCLUDING ADMINISTRATIVE EXPENSES AND POSSIBLE LOSSES.

18 (III) THE INTEREST RATE MAY NOT EXCEED THE PRIME RATE.

19 (2) THE DEPARTMENT MAY COLLECT AN APPLICATION FEE NOT  
20 EXCEEDING \$100 TO COVER THE COST OF CREDIT REPORTS, APPRAISALS, AND OTHER  
21 EXPENSES OF PROCESSING LOAN APPLICATIONS.

22 (B) LOANS MADE UNDER THIS SUBTITLE SHALL BE SECURED BY A MORTGAGE  
23 OR LIEN ON REAL PROPERTY, IMPROVEMENTS, FIXTURES, CROPS, LIVESTOCK, OR  
24 ANY OTHER PROPERTY THAT THE SECRETARY REQUIRES.

25 (C) THE DEPARTMENT MAY:

- 26 (1) EXTEND OR MODIFY THE TERMS OF AN EXISTING PROGRAM LOAN;  
27 (2) ESTABLISH THE PRINCIPAL AMOUNT AND MATURITY OF A PROGRAM  
28 LOAN, NOT EXCEEDING 15 YEARS;  
29 (3) ENFORCE REPAYMENT OF A PROGRAM LOAN ACCORDING TO ITS  
30 TERMS, AND EXECUTE ALL NECESSARY AND CONVENIENT DOCUMENTS IN  
31 CONNECTION WITH THE LOAN;  
32 (4) FORECLOSE MORTGAGES USED AS SECURITY FOR A PROGRAM LOAN;

1 (5) OBTAIN AND ENFORCE A DEFICIENCY JUDGMENT FOR A PROGRAM  
2 LOAN;

3 (6) REQUIRE AND OBTAIN APPRAISALS, CREDIT INFORMATION, AND  
4 OTHER INFORMATION NECESSARY OR DESIRABLE TO MAKE SOUND LOANS;

5 (7) CONTRACT FOR SERVICES RELATING TO ANY ASPECT OF THE  
6 PROGRAM IN ACCORDANCE WITH PROCEDURES REQUIRED BY LAW FOR STATE  
7 CONTRACTS; AND

8 (8) ADOPT REGULATIONS GOVERNING THE OPERATION OF THE  
9 PROGRAM, INCLUDING THE APPLICATION AND APPROVAL PROCESS, AND  
10 REASONABLE MINIMUM REQUIREMENTS OF CREDITWORTHINESS AND SECURITY.

11 2-905.

12 (A) THE GOVERNOR SHALL TRANSFER \$20,000,000 FROM THE REVENUE  
13 STABILIZATION FUND TO GENERAL FUND REVENUES IN THE FISCAL YEAR 2001  
14 OPERATING BUDGET FOR DEPOSIT INTO THE FUND TO ESTABLISH THE PROGRAM.

15 (B) THE DEPARTMENT SHALL DEPOSIT THE MONEYS DERIVED FROM  
16 PAYMENT OF PRINCIPAL AND INTEREST ON THE LOANS INTO THE FUND.

17 2-906.

18 (A) A PERSON MAY NOT KNOWINGLY MAKE, OR CAUSE TO BE MADE, A FALSE  
19 STATEMENT OR REPORT TO INFLUENCE THE DEPARTMENT ON A LOAN APPLICATION  
20 OR A PREVIOUS LOAN.

21 (B) A PERSON WHO VIOLATES SUBSECTION (A) OF THIS SECTION IS SUBJECT  
22 TO A FINE OF 3 TIMES THE AMOUNT OF THE LOAN WITH INTEREST OF 6 PERCENT  
23 FROM THE DATE OF THE LOAN.

24 (C) THE DEPARTMENT MAY ENFORCE THE PENALTY UNDER THIS SECTION IN  
25 THE APPROPRIATE COURT.

26 2-907.

27 THE DEPARTMENT SHALL SUBMIT A REPORT REGARDING THE CONDITION OF  
28 SMALL FARMS IN THE STATE TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE  
29 STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY, BY DECEMBER 1, 2000,  
30 AND EACH DECEMBER 1 THEREAFTER.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 June 1, 2000.