

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL**No. 728** Session of
1993

INTRODUCED BY MADIGAN, STAPLETON, WENGER, HELFRICK, BELAN,
ROBBINS, MUSTO, REIBMAN, JUBELIRER, MOWERY AND RHOADES,
MARCH 26, 1993

SENATOR TILGHMAN, APPROPRIATIONS, RE-REPORTED AS AMENDED,
SEPTEMBER 26, 1994

AN ACT

1 Providing for the implementation of a loan program for farmers
2 adopting certain specialized agricultural practices.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Agriculture-
7 Linked Investment Program.

8 Section 2. Legislative intent.

9 It is the intent of the General Assembly that farmers be
10 offered an incentive to encourage the adoption of agricultural
11 best management practices as a part of a nutrient management
12 plan, to prevent nutrients from washing off fields and entering
13 streams and to prevent soil erosion. These incentives shall take
14 the form of low-interest capital in exchange for the adoption of
15 a nutrient management plan.

16 Section 3. Definitions.

17 The following words and phrases when used in this act shall

1 have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

3 "Best management practices." Specialized practices designed
4 to control erosion, control runoff, establish vegetation and
5 manage nutrient animal wastes and fertilizers or other practices
6 approved by the State Conservation Commission, an equivalent
7 agency or the United States Agriculture Stabilization and
8 Conservation Service.

9 "Eligible borrower." A Commonwealth farmer who adopts best
10 management practices, as evidenced by a nutrient management
11 plan.

12 "Nutrient management plan." A system of best management
13 practices to prevent the pollution of surface waters and
14 groundwater by addressing the most critical farm nutrient
15 problems through measures to manage fertilizers and animal
16 wastes and to reduce soil erosion.

17 Section 4. Implementation.

18 The procedures applicable to the Agriculture-Linked
19 Investment Program are as follows:

20 (1) Lending institutions wishing to participate in this
21 program shall enter into an investment agreement with the
22 Commonwealth.

23 (2) A lending institution shall accept and review
24 applications for loans from eligible borrowers.

25 (3) The lending institution shall apply all usual
26 lending standards to determine the creditworthiness of each
27 eligible borrower.

28 (4) Upon its approval of an eligible borrower's loan
29 application, the lending institution shall submit the loan
30 application and approval to the State Treasurer.

1 (5) The State Treasurer shall review the application to
2 verify the borrower's eligibility.

3 (6) Upon determination of borrower eligibility, the
4 State Treasurer shall deposit, with the lending institution
5 in a savings account in the name of the Commonwealth, funds
6 sufficient to cover the amount of the loan requested.

7 (7) The lending institution shall credit the
8 Commonwealth's ~~passbook savings~~ account with appropriate <—
9 interest earnings at appropriate periods in accordance with
10 ~~the lending institution's rules for passbook savings~~ <—
11 ~~accounts, and interest credited shall reflect market~~
12 ~~conditions prevailing in the lending institution's lending~~
13 ~~area.~~ RATES ESTABLISHED BY THE BOARD OF FINANCE AND REVENUE. <—

14 (8) Funds loaned to an eligible borrower under this
15 program shall be charged an interest rate no higher than 3%
16 above the passbook savings account rate paid to the
17 Commonwealth on its passbook savings account.

18 (9) Under the terms of this act, lending institutions
19 which accept eligible borrowers shall allow borrowers to
20 borrow the entire amount of the loan at the outset or to
21 establish a line of credit with periodic withdrawals up to
22 the amount of the original loan.

23 (10) Loans shall not exceed \$75,000 and shall be placed
24 for a maximum of a six-year period.

25 (11) At the conclusion of the period of the eligible
26 borrower's loan, the initial deposit, together with interest
27 earned, shall be returned to the State Treasurer.

28 Section 5. Liability.

29 The Commonwealth and the State Treasurer shall not be liable
30 to a lending institution in any manner for payment of the

1 principal or interest on the loan made to an eligible borrower.
2 Any delay in payments or default on the part of the eligible
3 borrower shall not in any manner affect the deposit agreement
4 between the lending institution and the State Treasurer.
5 Section 6. Effective date.
6 This act shall take effect in 60 days.