



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1526

PRINTERS NO. 2126

PRIME SPONSOR: Irvin

COST / (SAVINGS)

FUND	FY 2018/19	FY 2019/20
General Fund; Nutrient Management Fund	\$0	See Fiscal Impact

SUMMARY: House Bill 1526, Printer's Number 2126, establishes the Agriculture-Linked Investment Program for implementing best management practices.

ANALYSIS: This bill amends Title 3 (Agriculture) to revise and reestablish the current Agriculture-Linked (Agri-Link) Investment Program to be administered by the State Conservation Commission and repeals the existing Agri-Link Program Act (Act 130 of 1994). The program provides state funding in the form of low-interest capital in exchange for the implementation of agricultural best management practices.

Best management practices (BMPs) is defined in the bill as "a practice or combination of practices determined by the commission to be effective and practicable, given technological, economic and institutional considerations, to manage and conserve land, water and related resources and to manage nutrients to protect surface water and groundwater, taking into account applicable nutrient requirements for crop utilization."

Operators seeking a loan to implement or install a BMP approved by the commission may apply for a loan to a private lending institution as defined in the bill that has an investment agreement with the State Treasurer for participation in the Agri-Link Program. When a lending institution approves a loan application, it then submits a request to the State Treasurer for a transfer of money in an amount equal to the approved loan amount. The interest rate paid by a lending institution is the interest rate on deposits in state depositories as established by the Board of Finance and Revenue and may be reduced by a subsidy paid by the commission.

Interest rate subsidies are paid at the discretion of the commission using funds appropriated, given, granted or donated to the Nutrient Management Fund administered by the commission. The subsidy shall continue only so long as the commission furnishes money to pay for it. If the subsidy is unavailable, the interest rate payable by lending institutions shall revert to the interest rate on deposits in State depositories as established by the Board of Finance and Revenue.

The bill establishes a funding cap, specifically that the aggregate amount of Agri-Link investment loans shall not exceed \$25 million outstanding at any one time. Individual loans shall not exceed \$250,000 and shall be amortized over a term not to exceed twelve years.

This legislation would take effect in 60 days upon enactment.

FISCAL IMPACT: Enactment of this legislation will have no adverse impact on Commonwealth funds. This program is part of the proposed Pennsylvania Farm Bill package for FY2019-20 and any resulting loans and funding are contingent upon available funds being appropriated for this program and administered through the Nutrient Management Fund.

PREPARED BY: Jeffrey Clukey
House Appropriations Committee (R)

DATE: June 17, 2019

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.