

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1526

PRINTER NO. 2126

AMOUNT

No Fiscal Impact

FUND

Nutrient Management Fund

DATE INTRODUCED

May 29, 2019

PRIME SPONSOR

Representative Irvin

DESCRIPTION

House Bill 1526 adds a new Chapter 6 (Agriculture-Linked Investment Program) in Title 3 (Agriculture) to revise the current Agriculture-Linked Investment Program (Agri-Link), which provides state funding for and may subsidize the interest rate on private loans used for agricultural best management practices (BMPs).

The legislation provides that operators seeking a loan to implement or install a BMP approved by the State Conservation Commission (commission) may apply for a loan to a private lending institution that has an investment agreement with the Commonwealth.

The legislation provides that 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. It provides that 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, as may be reduced by a subsidy paid by the commission. It provides the interest rate to the borrower must be established at or prior to a loan approval and may be fixed or variable, but must reflect a percentage rate reduction of a subsidy, if any. It also gives the commission the discretion to provide interest rate subsidies, using funds appropriated to the commission or to the Nutrient Management Fund administered by the commission.

The legislation provides that loans shall not exceed \$250,000 and shall be amortized over a term not to exceed 12 years. It specifies that the aggregate amount of loans under this program shall not exceed \$25,000,000 outstanding at any one time.

The legislation repeals the existing Agri-Link Program Act and is scheduled to take effect in 60 days.

FISCAL IMPACT:

The enactment of House Bill 1526 will have no fiscal impact on Commonwealth funds. Funding for the Agriculture-Linked Investment Program established in the legislation will be dependent upon appropriations made by the General Assembly through the General Appropriation Act for this program or through the Nutrient Management Fund.