

SENATOR
ELDER VOGEL, JR.
47TH SENATORIAL DISTRICT

- **SENATE BOX 203047**
THE STATE CAPITOL
HARRISBURG, PA 17120-3047
(717) 787-3076
FAX (717) 772-2756
- **301 CENTRAL BUILDING**
101 SOUTH MERCER STREET
NEW CASTLE, PA 16101
(724) 654-1444
FAX (724) 656-3182
- **488 ADAMS STREET**
ROCHESTER, PA 15074-1940
(724) 774-0444
FAX (724) 773-7384



Senate of Pennsylvania

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APR 07 2011

MEMORANDUM

TO: ALL SENATORS

FROM: SENATOR ELDER VOGEL JR. *EV*

DATE: APRIL 7, 2011

RE: CO-SPONSORSHIP

In the near future, I plan to introduce legislation that would amend Title 64 (Public Authorities and Quasi-Public Corporations) to extend sunset provisions of the Commonwealth's First Industries Program, specifically as the program provisions relate to providing financial tools targeted toward assisting the agriculture industry.

Under the First Industries Program, this legislation will extend the ability of farm credit institutions to participate in the First Industries Program, and enable the Commonwealth Financing Authority to continue providing guarantees of 51% to 90% of the loan principal to finance an agricultural project. Additionally, it extends a provision reducing the private investment minimum to \$500,000.00. These three components would be extended through July 15, 2015.

Since these provisions were amended into Title 64 in 2007, farm credit institutions have taken advantage of the guarantee program through the First Industries Fund numerous times. In almost all of those situations, both the provision authorizing farm credit institutions to participate and the provision reducing the minimum project size to \$500,000 were necessary for the deals to occur. Furthermore, for the agricultural guarantees completed in the three years since this legislation became law, the majority were by farm credit institutions. These guarantees are an invaluable asset in a lending climate where any added security may make the difference between a funded project and one that is not considered. If the private investment minimum is not extended at the \$500,000 level, the program would revert to a \$1 million threshold, putting many of these important projects just outside the range to qualify. Also, it is important to retain the flexibility in the percent guarantee afforded in the law so that lenders and borrowers have a more capable and varied risk management tool.

Please contact Lindsay Raker if you wish to cosponsor this legislation: 717-787-3076 or lraker@pasen.gov