



General Assembly

February Session, 2004

Raised Bill No. 5639

LCO No. 2321

02321_____ENV

Referred to Committee on Environment

Introduced by:
(ENV)

AN ACT CONCERNING AGRICULTURAL GROWTH.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) For the purposes of sections
2 1 to 8, inclusive, of this act, "agricultural business" and "farm" means
3 any business that, as its primary purpose, engages in cultivation of the
4 soil, dairying, forestry, raising or harvesting any agricultural or
5 horticultural commodity, raising, shearing, feeding, caring for, training
6 or management of livestock, horses, bees, poultry, fur-bearing animals
7 and wildlife, and raising or harvesting oysters, clams, mussels, other
8 molluscan shellfish or fish, or the production or preparation of
9 products from agricultural products principally produced in this state.

10 Sec. 2. (NEW) (*Effective from passage*) (a) There is established the
11 Agricultural Growth Council within the Department of Agriculture.
12 The council shall consist of the following members, or their designees:
13 (1) The Commissioner of Agriculture, (2) the chairperson of the
14 Connecticut Food Policy Council, (3) the chairperson of the Working
15 Lands Alliance, (4) the Commissioner of Economic and Community
16 Development, (5) the dean of the College of Agriculture and Natural
17 Resources at The University of Connecticut. The council shall also

18 consist of seven persons having knowledge and experience in the field
19 of Agriculture, three of whom shall be appointed by the Governor and
20 one each appointed by the president pro tempore of the Senate, the
21 minority leader of the Senate, the speaker of the House of
22 Representatives and the minority leader of the House of
23 Representatives. The Governor shall appoint from among the members
24 a chairperson who shall serve in that capacity at the pleasure of the
25 Governor.

26 (b) The first appointments pursuant to subsection (a) of this section
27 shall be made on or before September 1, 2004. The term of each
28 appointed member shall be coterminous with the term of the
29 appointing authority or until a successor is appointed, whichever is
30 later. Vacancies shall be filled by the appointing authority.

31 (c) The members of the council shall receive no compensation for
32 their services but shall be reimbursed for any necessary expenses
33 incurred in the performance of their duties.

34 (d) The council shall organize itself in such manner as it deems
35 desirable and necessary. Five members of the council and the
36 chairperson, or the chairperson's designee, who shall be a member of
37 the council, shall constitute a quorum and the affirmative vote of a
38 majority of the members present at a meeting shall be necessary to take
39 any action or adopt any motion or resolution.

40 (e) The council may: (1) Raise issues of concern regarding the
41 creation and expansion of agricultural business in this state; (2) review
42 programs in the Department of Agriculture related to agriculture
43 businesses and offer recommendations for the improvement of such
44 programs; and (3) keep the Department of Agriculture informed
45 regarding significant issues and trends in agriculture.

46 (f) The council shall have the following powers: (1) To request and
47 obtain from any department, board, commission or other agency of the
48 state, or of any municipality, authority or other political subdivision

49 within the state, such assistance and data as will enable it to carry out
50 any purpose of this act; (2) to accept any federal funds granted for all
51 or any purposes of this act; (3) to accept any gifts, donations, bequests
52 or grants of funds from private and public agencies for any purposes
53 of this act; (4) to coordinate the activities of any boards or commissions
54 appointed by any municipality within the state for any purposes of
55 this act; (5) to perform such other acts as may be necessary and
56 appropriate to carry out any purposes of this act.

57 (g) The Department of Agriculture shall provide the personnel and
58 resources necessary for the council to perform its duties and to assist
59 the agricultural businesses in the state. Such personnel and resources
60 shall be budgeted for separately from the regular budget of the
61 department.

62 (h) Not later than January 1, 2005, and annually thereafter, the
63 council shall report, in accordance with the provisions of section 11-4a
64 of the general statutes, to the joint standing committee of the General
65 Assembly having cognizance of matters relating to agriculture. The
66 report shall include a summary of the activities of the council for the
67 preceding year and any recommendations for legislation as may be
68 necessary to promote the purposes of this act.

69 Sec. 3. (NEW) (*Effective from passage*) (a) There shall be an
70 Agricultural Development Revolving Loan account, which shall be a
71 separate, nonlapsing account within the General Fund, for the
72 Commissioner of Agriculture. The commissioner, acting through the
73 Agricultural Growth Council, established in section 2 of this act, may
74 provide loans or lines of credit from the account to agricultural
75 businesses for the purpose of development and agricultural
76 diversification of such businesses, without the approval of the
77 Secretary of the Office of Policy and Management. Funds received
78 under the loan agreement may be used for (1) Acquisition of farm
79 land; (2) a down payment on the acquisition of farm land; or (3)
80 acquisition or construction of depreciable property used in the

81 operation of a farm.

82 (b) To be eligible for a loan approved by the council, an applicant
83 shall: (1) Declare his or her intention to maintain his or her residence in
84 Connecticut during the length of the loan; (2) be an individual,
85 partnership, association or joint venture; (3) demonstrate to the
86 satisfaction of the council that he or she is unable to obtain financing
87 from conventional sources on reasonable terms or in reasonable
88 amounts, as determined by the council; and (4) have a net worth not
89 exceeding two hundred fifty thousand dollars.

90 (c) Applications for loans to be approved by the council may be
91 submitted by individuals, partnerships, associations or joint ventures.
92 Applicants shall meet the requirements of this section. If an applicant
93 who has obtained the approval of the council for a loan for the
94 acquisition of farm land sells the land for which the loan was made to
95 any person other than his or her spouse or children or a corporation
96 wholly-owned by such spouse or children, the loan shall be
97 immediately repaid in full.

98 (d) The council shall charge and collect interest on each loan or line
99 of credit made pursuant to this section at a rate to be determined in
100 accordance with subsection (f) of this section. The total amount of such
101 loans or lines of credit provided to any single business in any period of
102 twelve consecutive months shall not exceed two hundred thousand
103 dollars. Each borrower shall make payments on all loans and lines of
104 credit to the Treasurer for deposit in the Agricultural Development
105 Revolving Loan Fund.

106 (e) The council may take any reasonable action to moderate losses
107 on loans and lines of credit made under this section.

108 (f) The council shall establish loan procedures, interest, repayment
109 terms, security requirements, default and remedy provisions and such
110 other terms and conditions including, but not limited to, development
111 and implementation of written procedures and a strategy to manage

112 the assets of the fund and any losses incurred, as the commissioner
113 deems appropriate.

114 (g) Each such loan or extension of credit shall be authorized by the
115 council. Any administrative expenses incurred in carrying out the
116 provisions of this section, to the extent not paid by the Department of
117 Agriculture, shall be paid from the Agricultural Development
118 Revolving Loan Fund. Payments from the fund to businesses or to pay
119 such administrative expenses shall be made by the Treasurer upon
120 certification by the council that the payment is authorized under the
121 provisions of this section and under the loan procedures established by
122 the council.

123 (h) Each loan shall be monitored by the council and the council shall
124 file an annual report regarding all loans made pursuant to this section,
125 pursuant to section 11-4a of the general statutes, with the joint
126 standing committee of the General Assembly having cognizance of
127 matters relating to agriculture.

128 Sec. 4. (NEW) (*Effective from passage*) A landowner who sells land
129 consisting of ten acres or more to a start-up farmer at eight per cent or
130 less interest is entitled to a reduction in such landowner's taxable
131 income in an amount equal to one hundred per cent of any income or
132 capital gain, or both, realized and otherwise subject to state income
133 taxes from the sale, up to a maximum of one hundred thousand
134 dollars, provided the transaction is approved by the Agricultural
135 Growth Council established under section 2 of this act.

136 Sec. 5. (NEW) (*Effective from passage*) (a) The Agricultural Growth
137 Council established under section 2 of this act may guarantee and
138 make commitments to guarantee payment required by a loan or
139 provided in this section, upon such terms and conditions as such
140 council may prescribe. In administering the guaranty program, the
141 council may require the payment of a fee or premium, establish
142 application fees and prescribe application, notification, contract and
143 guaranty forms, rules and guidelines.

144 (b) The council may, from time to time, enter into guarantes,
145 insurance contracts, or any other agreements or contracts with respect
146 to a guaranteed loan or other credit agreement. Such an agreement or
147 contract may contain terms and provisions necessary or desirable in
148 connection with the guaranty program, including, but not limited to,
149 limitation terms and provisions relating to loan documentation,
150 review, approval procedures, origination and servicing rights and
151 responsibilities, default obligations, procedures and obligations with
152 respect to guaranty contracts.

153 (c) Any contract of guaranty made by the council pursuant to this
154 section shall provide that claims payable under this section shall be
155 paid from amounts available in the Agricultural Development
156 Revolving Loan Fund created by section 3 of this act, and from
157 amounts available under the terms of any contract or agreement with
158 the financial institution that originated the guaranteed loan. The
159 obligation of the council to make payments under such contract is
160 limited solely to such sources and shall not constitute a debt or liability
161 of the state. A guaranty contract and any rule or procedure of the
162 council implementing the guaranty program may contain such other
163 terms, provisions or conditions as the council deems necessary or
164 appropriate, including, but not limited to, those relating to the
165 payment of guaranty premiums, the giving of notice, claim procedure,
166 the sources of payment for claims, the priority of competing claims for
167 payment, the release or termination of loan security and borrower
168 liability, the time of payment, the maintenance and disposition of
169 projects and the use of amounts received during periods of loan
170 delinquency or upon default, and any other provisions concerning the
171 rights of insured parties or conditions to the payment of guaranty
172 claims. Any premiums for the guarantee of loan payments under the
173 provision of this section may be determined on such basis and be
174 payable by such person in such amounts and at such times as the
175 council determines, and the amount of the premium need not be
176 uniform among the various loans, leases or other credit agreements
177 guaranteed.

178 Sec. 6. (NEW) (*Effective from passage*) The Agricultural Growth
179 Council shall make awards, within available appropriations, for the
180 development and coordination of demonstration projects on the land
181 of individual farmers in the state which projects (1) identify, develop
182 and demonstrate agricultural technologies and farm management
183 strategies in food and fiber production carried out under actual
184 farming conditions, (2) reduce the dependency of food and fiber
185 production on nonrenewable resources regulation, or (3) encourage
186 viable sustainable agricultural activities. In any fiscal year, no more
187 than twenty such demonstration projects awards shall be made and no
188 award shall exceed ten thousand dollars for any one demonstration
189 project. The council shall establish policies necessary to carry out the
190 provisions of this section and for the identification of demonstration
191 projects and award areas. The demonstration projects shall be selected,
192 to the extent possible, so that each agricultural commodity of the state
193 is represented. Demonstration projects shall be selected on the basis of
194 innovative practices and based on competitive applications received.

195 Sec. 7. (NEW) (*Effective from passage*) The Agricultural Growth
196 Council shall make awards, within available appropriations, for the
197 development and coordination of projects that add value to
198 agricultural products produced in this state and aid in the economic
199 viability of agriculture in this state. Such grants may be used for
200 expenses related to the creation, development and operation of an
201 agricultural business, including, but not limited to, feasibility studies,
202 marketing studies, legal assistance, marketing plans, business plans,
203 prospectus development for cooperatives and operational consulting.
204 In any fiscal year, no more than five such project awards shall be made
205 and no award shall exceed one hundred thousand dollars for any one
206 demonstration project. The council shall establish policies necessary to
207 carry out the provisions of this section and for the identification of
208 such projects. Such projects shall be selected on a competitive basis
209 and evaluated and rated using the following criteria: (1) Economic
210 development potential for the agricultural industry, (2) merit, (3)
211 probability of economic viability and practical application of project

212 results, (4) presence, source and level of matching funds, and (5)
213 whether the project will have a positive economic impact on
214 agriculture in this state.

215 Sec. 8. (NEW) (*Effective from passage*) The Agricultural Growth
216 Council established under section 2 of this act shall administer a
217 scholarship program for agricultural education within the state and
218 shall establish a program for the forgiveness of loans provided by the
219 state to residents of the state for agricultural education within the state.
220 The loans shall be forgiven if the resident devotes substantially all of
221 his or her efforts to agricultural endeavors in this state for seven
222 continuous years. For purposes of this section, "agricultural education"
223 includes, but is not limited to, any program of study and courses taken
224 to enter or to advance in the profession of agriculture or to upgrade
225 agricultural knowledge and skills. The council shall establish policies
226 to administer the scholarship and loan forgiveness programs under
227 this section.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>from passage</i>
Sec. 5	<i>from passage</i>
Sec. 6	<i>from passage</i>
Sec. 7	<i>from passage</i>
Sec. 8	<i>from passage</i>

Statement of Purpose:

To establish an Agricultural Growth Council and an Agricultural Development Revolving Loan account, to provide tax incentives for the sale of land to new farmers, to provide for agricultural awards and to establish an agricultural education scholarship award.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]