



General Assembly

Substitute Bill No. 5639

February Session, 2004

* _____ HB05639ENV__031704_____ *

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 or wildlife, raising or harvesting oysters, clams, mussels, other
8 molluscan shellfish or fish, or the production or preparation of
9 products made from agricultural products principally produced in this
10 state.

11 Sec. 2. (NEW) (*Effective from passage*) (a) There is established the
12 Agricultural Growth Council within the Department of Agriculture.
13 The council shall consist of the following members, or their designees:
14 (1) The Commissioner of Agriculture, (2) the chairperson of the
15 Connecticut Food Policy Council, (3) the chairperson of the Working
16 Lands Alliance, (4) the Commissioner of Economic and Community
17 Development, (5) the dean of the College of Agriculture and Natural
18 Resources at The University of Connecticut. The council shall also
19 consist of seven persons having knowledge and experience in the field
20 of agriculture, three of whom shall be appointed by the Governor and

21 one each appointed by the president pro tempore of the Senate, the
22 minority leader of the Senate, the speaker of the House of
23 Representatives and the minority leader of the House of
24 Representatives. One of the persons appointed to the council by the
25 Governor shall be a member of the Connecticut Farm Bureau
26 Association, Incorporated. The Governor shall appoint from among
27 the members a chairperson who shall serve in that capacity at the
28 pleasure of the Governor.

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

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

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

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

49 (f) The council shall have the following powers: (1) To request and
50 obtain from any department, board, commission or other agency of the
51 state, or of any municipality, authority or other political subdivision
52 within the state, such assistance and data as will enable it to carry out

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

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

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

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

84 (b) To be eligible for a loan approved by the council, an applicant

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

92 (c) Applicants shall meet the requirements of this section. If an
93 applicant who has obtained the approval of the council for a loan for
94 the acquisition of farm land sells the land for which the loan was made
95 to any person other than his or her spouse or children or a corporation
96 wholly-owned by such applicant, 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 account.

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 to manage the assets of the
112 account and any losses incurred, as the commissioner deems
113 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 revolving
118 loan account. Payments from the fund to businesses or to pay such
119 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 (i) A recipient of a loan under this section who uses the loan to
129 purchase agricultural land shall, as a condition of accepting the loan,
130 execute a written agreement with the state that the recipient will
131 actively use the land for agriculture or farming purposes, as defined in
132 subsection (q) of section 1-1 of the general statutes, for the length of the
133 term of the loan, or ten years, whichever is longer.

134 (j) The state shall have the right of first refusal to purchase
135 agricultural land at the amount of its appraised value at the time of
136 any sale of property acquired or improved pursuant to this section for
137 the length of the term of the loan, or ten years, whichever is longer.

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

146 Sec. 5. (NEW) (*Effective from passage*) (a) The Agricultural Growth
147 Council established under section 2 of this act may guarantee and
148 make commitments to guarantee payment required by a loan made for

149 the purposes specified in subsection (a) of section 3 of this act or
150 provided in this section, upon such terms and conditions as such
151 council may prescribe. In administering the guaranty program, the
152 council may require the payment of a fee or premium, establish
153 application fees and prescribe application, notification, contract and
154 guaranty forms, rules and guidelines.

155 (b) The council may, from time to time, enter into guarantees,
156 insurance contracts, or any other agreements or contracts with respect
157 to a guaranteed loan or other credit agreement. Such an agreement or
158 contract may contain terms and provisions necessary or desirable in
159 connection with the guaranty program, including, but not limited to,
160 limitation terms and provisions relating to loan documentation,
161 review, approval procedures, origination and servicing rights and
162 responsibilities, default obligations, procedures and obligations with
163 respect to guaranty contracts.

164 (c) Any contract of guaranty made by the council pursuant to this
165 section shall provide that claims payable under this section shall be
166 paid from amounts available in the agricultural development
167 revolving loan account created by section 3 of this act, and from
168 amounts available under the terms of any contract or agreement with
169 the financial institution that originated the guaranteed loan. The
170 obligation of the council to make payments under such contract is
171 limited solely to such sources and shall not constitute a debt or liability
172 of the state. A guaranty contract and any rule or procedure of the
173 council implementing the guaranty program may contain such other
174 terms, provisions or conditions as the council deems necessary or
175 appropriate, including, but not limited to, those relating to the
176 payment of guaranty premiums, the giving of notice, claim procedure,
177 the sources of payment for claims, the priority of competing claims for
178 payment, the release or termination of loan security and borrower
179 liability, the time of payment, the maintenance and disposition of
180 projects and the use of amounts received during periods of loan
181 delinquency or upon default, and any other provisions concerning the
182 rights of insured parties or conditions to the payment of guaranty

183 claims. Any premiums for the guarantee of loan payments under the
184 provision of this section may be determined on such basis and be
185 payable by such person in such amounts and at such times as the
186 council determines, and the amount of the premium need not be
187 uniform among the various loans, leases or other credit agreements
188 guaranteed.

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

206 Sec. 7. (NEW) (*Effective from passage*) The Agricultural Growth
207 Council shall make awards, within available appropriations, for the
208 development and coordination of projects that add value to
209 agricultural products produced in this state and aid in the economic
210 viability of agriculture in this state. Such grants may be used for
211 expenses related to the creation, development and operation of an
212 agricultural business, including, but not limited to, feasibility studies,
213 marketing studies, legal assistance, marketing plans, business plans,
214 prospectus development for cooperatives and operational consulting.
215 In any fiscal year, no more than five such project awards shall be made
216 and no award shall exceed one hundred thousand dollars for any one

217 demonstration project. The council shall establish policies necessary to
 218 carry out the provisions of this section and for the identification of
 219 such projects. Such projects shall be selected on a competitive basis
 220 and evaluated and rated using the following criteria: (1) Economic
 221 development potential for the agricultural industry, (2) merit, (3)
 222 probability of economic viability and practical application of project
 223 results, (4) presence, source and level of matching funds, and (5)
 224 whether the project will have a positive economic impact on
 225 agriculture in this state.

226 Sec. 8. (NEW) (*Effective from passage*) The Agricultural Growth
 227 Council established under section 2 of this act shall administer a
 228 scholarship program for agricultural education within the state and
 229 shall establish a program for the forgiveness of loans provided by the
 230 state to residents of the state for agricultural education within the state.
 231 The loans shall be forgiven if the resident devotes substantially all of
 232 his or her efforts to agricultural endeavors, in the opinion of the
 233 council, in this state for seven continuous years. For purposes of this
 234 section, "agricultural education" includes, but is not limited to, any
 235 program of study and courses taken to enter or to advance in the
 236 profession of agriculture or to upgrade agricultural knowledge and
 237 skills. The council shall establish policies to administer the scholarship
 238 and loan forgiveness programs under 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 Legislative Commissioners:

Sections 1, 2, 3, 5, 6 and 8 were reworded for clarity and internal consistency.

ENV *Joint Favorable Subst.*