

Morris spells out farm loan program

HARRISBURG — The House Agriculture and Rural Affairs Committee, chaired by state Rep. Samuel Morris, D-Chester, has approved legislation which establishes a program of loan guarantees to help farmers get better interest rates and repayment terms when they purchase farm land, equipment, livestock, and farm supplies.

The amended version of House Bill 115 maps out the use of \$10 million for agricultural purposes from the \$190 million economic development bond issue approved by Pennsylvania voters in April.

Morris is the author of the original version of House Bill 115, which would have created an Agricultural Development Authority empowered to sell its own bonds to finance direct loans to farmers. However, the need to set up the Authority was eliminated when the \$190 bond issue was approved.

At Morris's request, state Rep. William Lloyd, D-Somerset, redrafted provisions within the bill to become the vehicle to implement the agriculture portion of the bond issue.

Under these provisions, farmers could apply for loan guarantees for the following purposes:

- acquiring farm land and structures, with the total value of the guarantee not to exceed \$200,000 for each family farm and for a term not to exceed 20 years;
- acquiring equipment, livestock, and other farm assets,

with the loan guarantee not to exceed \$150,000 per farm and a seven-year period;

- purchasing agricultural supplies, such as fertilizer, seed, and feed, with a minimum guarantee of \$50,000 per farm for a period not to exceed one year.

According to Morris, in no case could the state guarantee more than 90 percent of the loan amount the farm obtained from the bank.

In addition to the loan guarantees, the state could pay the interest on a farmer's loan for the first three years, but the farmer would be required to repay the state.

Morris said details and guidelines for the program would be worked out by a nine-member Agricultural Development Advisory Board, chaired by the Secretary of Agriculture. The board would also include the chairmen of the House and Senate agriculture committees; plus six members appointed by the Agriculture Secretary, including one officer from a commercial lending institution experienced in agricultural financing; three farmers; one officer from a farm credit association; and one agricultural economist.

The loan guarantees and interest deferrals would be available only to Pennsylvania farmers who have sufficient education, training, or experience in the type of farming for which they are seeking help, and who agree to participate in a farm management advisory program.

Since the actual loans would be

written through established banks or other lending institutions, the applicant would have to meet all standard requirements such as credit worthiness, Morris noted.

As an additional protection to restrict the program to farmers who have a good chance to survive financially, Morris said that loan guarantees and interest deferrals would be granted only upon approval by both the Agricultural Development Advisory Board and

the Secretary of Commerce

Morris said the Committee wishes to avoid aggravating the surplus program in the dairy industry and in several other segments of agriculture. To that end, House Bill 115 is intended to:

- facilitate the continued operation of family farms which are currently active and the

transfer of these farms from one generation to the next;

- help farmers replace all or part of their production of a commodity with production of products which are more in demand; and

- help Pennsylvania farmers increase sales by processing and marketing their products directly.

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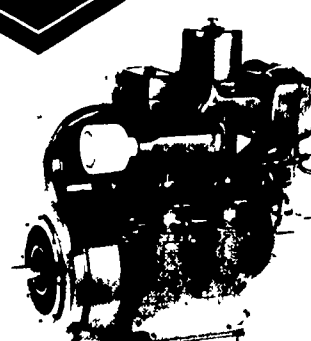
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