

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1475

Agricultural Disaster Assistance

SPONSOR(S): Grimsley

TIED BILLS:

IDEN./SIM. BILLS: SB 2712

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Agriculture Committee	9 Y, 0 N	Kaiser	Reese
2) Agriculture & Environment Appropriations Committee			
3) Fiscal Council			
4) State Resources Council			
5) _____			

SUMMARY ANALYSIS

In 2000, the Legislature enacted the Agricultural Economic Development Program. This program is designed to provide loans to farmers who have experienced crop losses due to natural disasters or socio-economic events or conditions. The loans may be used to:

- Restore or replace essential physical property, such as animals, fences, equipment, structural production facilities or orchard trees;
- Pay all or part of production costs associated with the disaster year; or
- Pay essential family living expenses and restructure farm debts.

Funds may be issued as direct loans or as loan guarantees for up 90 percent of the total loan, in amounts not less than \$30,000 or more than \$250,000. Applicants must provide at least ten percent equity.

The bill expands the types of losses that allow agricultural producers to qualify for loan funds. It also permits loan funds to be used for the removal of debris in addition to restoring and replacing essential physical property. Definitions are provided for "losses" and "essential physical property" as used in the bill. The bill also raises the cap on loan funds from \$250,000 to \$300,000.

The bill appropriates \$50 million from the General Revenue Fund to the General Inspection Trust Fund within the Department of Agriculture and Consumer Services for fiscal year 2006-07 to be used for providing loans to agricultural producers who experienced losses during the 2005 calendar year.

The bill does not appear to have a fiscal impact on local government. The effective date of this legislation is July 1, 2006.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Promote personal responsibility: The bill amends the uses of disaster loan funds providing more flexibility for agricultural producers.

B. EFFECT OF PROPOSED CHANGES:

In 2000, the Legislature enacted the Agricultural Economic Development Program. This program is designed to provide loans to farmers who have experienced crop losses due to natural disasters or socio-economic events or conditions. The loans may be used to:

- Restore or replace essential physical property, such as animals, fences, equipment, structural production facilities or orchard trees;
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The federal government has three agricultural loan programs available to Florida farmers:

- United States Department of Agriculture's Farm Service Agency;
- Farm Credit System; and,
- Rural Business-Cooperative Service.

These loan programs are not designed to quickly assist seasonal producers who have been affected by a natural or socio-economic disaster. Additionally, some producers do not qualify for a federal loan due to income restrictions.

The bill expands the types of losses that allow agricultural producers to qualify for loan funds. "Losses" as used in this subsection¹ means crop loss or damage to an agricultural facility or infrastructure or farmworker housing owned by an agricultural producer. The bill also permits loan funds to be used for the removal of debris in addition to restoring and replacing essential physical property. "Essential physical property" means animals, fences, equipment, structural production facilities, other agricultural facility or infrastructure or farmworker housing owned by an agricultural producer, and orchard trees. The bill raises the cap on loan funds from \$250,000 to \$300,000.

The bill appropriates \$50 million from the General Revenue Fund to the General Inspection Trust Fund within the Department of Agriculture and Consumer Services for fiscal year 2006-07 to be used for providing loans to agricultural producers who experienced losses during the 2005 calendar year.

C. SECTION DIRECTORY:

Section 1: Amends s. 570.249, F.S.; revising criteria for use of loan funds; increasing the maximum amount of a loan; and, providing definitions.

Section 2: Provides an appropriation.

Section 3: Provides an effective date of July 1, 2006.

¹ Section 570.249(1)(a), F.S.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

See Fiscal Comments

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Agricultural producers would benefit from obtaining loans they may otherwise be unable to obtain from other sources.

D. FISCAL COMMENTS:

The bill appropriates \$50 million from the General Revenue Fund to the General Inspection Trust Fund within the Department of Agriculture and Consumer Services for fiscal year 2006-07 to be used for providing loans to agricultural producers who experienced losses during the 2005 calendar year.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to take an action requiring the expenditure of funds, does not reduce the authority that counties or municipalities have to raise revenues in the aggregate, and does not reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

None.