



February 8, 2013

To the Oregon House Agriculture & Natural Resources Committee:

Oregon Rural Action urges your support of HB 2700, the “Aggie Bonds” bill because it will bolster family agriculture and help new and beginning producers get started in the business.

Oregon Rural Action is a grassroots, member-led organization based in Eastern Oregon. We represent over 450 members in five counties including family farmers and ranchers. One of our members’ greatest concerns is the recruitment and success of young, new and beginning farmers and ranchers in our region. Eastern Oregon will see 50 percent of land change hands in the next 10 years and we see few young or beginning farmers ready to take over.

One of the greatest challenges for small, new and beginning producers, not to mention aspiring rural business owners, is access to credit, especially since the financial crisis. Aggie Bonds will help address this need for credit and allow small, new and beginning producers to get established by lowering the cost of financing. Aggie Bonds would:

- Allow qualifying farmers to borrow up to \$250,000 of new, depreciable farm property, like equipment or breeding livestock.
- Qualify beginning farmers to finance used depreciable property up to \$62,500;
- Allow beginning farmers, and farmers who have not previously owned more than 30% of the county’s median sized farm, can also borrow up to \$501,100 (adjusted annually for inflation) for the purchase of land.

This bill would also house the Aggie Bond Program in Business Oregon. This would allow Business Oregon to start marketing its existing programs to farmers across the state.

The Aggie Bonds program would require a \$250,000 initial investment, but the program would become self-sufficient within two years. It would be funded by the IRS federal income tax-exemptions that the state can authorize for certain, federally-approved financial incentive projects including Aggie Bonds. Oregon currently uses only a fraction of its IRS allowance. In fact, in 2012 alone, \$160 million of unused allocations were unused. Furthermore, this is a tested program. Currently, 16 states have successful Aggie Bond programs with model legislation drawn on for HB 2700.

We are all aware of the difficult budget situation the state faces. However, we cannot delay making a small investment in the future success of the small farms and family agriculture that defines our state and landscape. We are facing a crisis of vacant land and an absent farming generation in the next 10 years. Without the recruitment of young and beginning farmers and ranchers to the land, farms will continue to become larger and larger or transition from families to mega corporate agriculture holdings, especially in Eastern Oregon. HB 2700 will help ensure we have a diversity of farms and farms providing a variety of products to Oregon and the world. It will give rural young people the option to take over family operations, strike out on their own and stay in our rural communities.

Furthermore, other states are vying to attract our farmers with programs like Aggie Bonds. Loss of our aspiring farmers, whether to emigration or financial barriers, would be a loss to our rural communities, our food system and especially our recovering economy.

We urge you to put your full support behind the future of family agriculture in Oregon by supporting HB 2700, Aggie Bonds. ORA members look forward to continuing this discussion with you during Family Farm & Ranch Rally Day at the capitol, March 18th.

Sincerely,

Oregon Rural Action

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