

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	8 - 0 - 1
Yeas:	Clem, Esquivel, Krieger, Reardon, Thompson, Unger, Whitsett, Witt
Nays:	0
Exc.:	McKeown
Prepared By:	Beth Patrino, Administrator
Meeting Dates:	2/12, 4/9

WHAT THE MEASURE DOES: Defines terms. Directs Oregon Business Development Department (OBDD), in consultation with Oregon Department of Agriculture (ODA) and potential lenders, to create Beginning and Expanding Farmer Loan Program to facilitate loans for farmers and ranchers to finance acquisition of approved agricultural project. Requires before bond issuance that agricultural project receive eligibility determination and farmer is qualified by lender to receive loan. Directs OBDD to adopt rules for operation of program, application process and requirements for lenders and farmers and criteria and eligibility standards for farmers and lenders. Specifies requirements for loan approval. Authorizes OBDD to charge fees to lenders and beginning farmers as necessary to administer program and cover cost of procurement of bond counsel, State Treasurer fees, department issuance fees and trustee fees. Authorizes lenders to charge usual and customary fees and points as agreed by farmer and approved by OBDD. Specifies loan terms as agreed by lender and farmer, and specifies lender to make independent credit evaluation. Directs ODA cooperate with OBDD to market program and provide outreach to farmers and lenders. Authorizes OBDD to enter into contracts and agreements as necessary to implement and manage program. Authorizes State Treasurer to issue revenue bonds for specified purposes at request of OBDD. Authorizes OBDD to lend proceeds of revenue bonds for approved agricultural projects. Creates Beginning and Expanding Farmer Loan Program Fund. Takes effect 91 days after sine die.

ISSUES DISCUSSED:

- Difficulties faced by beginning and expanding farmers in obtaining loans
- Other states with agricultural loan programs
- Examples of small farmers seeking financing

EFFECT OF COMMITTEE AMENDMENT: Replaces measure.

BACKGROUND: In a 2011 survey of farmers and aspiring farmers conducted by the National Young Farmers' Coalition, the lack of capital, including the lack of access to credit, was ranked the top challenge facing beginning farmers. Beginning farmers have difficulty accessing credit through traditional commercial loans because, by definition, they have never owned farms and often have little experience. In an effort to help new farmers secure funding for the purchase of agricultural land and other property necessary for operations, a number of states administer "Aggie Bond" programs, similar to the program outlined in House Bill 2700 A. Under these programs, a state agency issues federally tax exempt bonds to substitute for a regular loan instrument. Because lenders using these bonds do not pay tax on the interest paid by the farmer, lenders are able to offer lower interest rates. The programs aim to increase the availability of credit to new farmers by incentivizing lending.

House Bill 2700 A would establish the Beginning and Expanding Farmer Loan Program administered by the Oregon Business Development Department.

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This summary has not been adopted or officially endorsed by action of the committee.