

# REVENUE IMPACT OF PROPOSED LEGISLATION

Seventy-Seventh Oregon Legislative Assembly  
2013 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>HB 2700 - B</b>
<b>Revenue Area:</b>	<b>Debt and Bonding</b>
<b>Economist:</b>	<b>Mazen Malik</b>
<b>Date:</b>	<b>07/01/2013</b>

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

## Measure Description:

Directs Oregon Business Development Department, in consultation with State Department of Agriculture and potential lenders, to create Beginning and Expanding Farmer Loan Program to facilitate making loans to beginning farmers to finance acquisition of approved agricultural projects.

## Revenue Impact (in \$Millions):

No specific bond authority is provided for in this bill. The Legislature authorizes bonds for all programs each biennium in a bond authorization bill. Without subsequent bond authorization, no funds will be available to the Oregon Business Development Department (OBDD) for the program.

## Impact Explanation:

The measure directs the Oregon Business Development Department (OBDD), in consultation with the State Department of Agriculture, to establish the Beginning and Expanding Farmer Loan Program (program) for the purposes of facilitating the issuance of loans to beginning farmers. Under provisions of the bill, the State Treasurer may issue revenue bonds at the request of OBDD, secured by the revenue from agricultural project sales that are pledged for this purpose.

The measure allows OBDD to establish fees charged to lenders and beginning farmers to provide funding for administration of the program and cover the costs of issuance, including bond counsel, related to bond sales. It also provides the State Treasurer with two funding mechanisms for administrative expenses: (1) the Treasurer may charge against the proceeds for the revenue bonds, or (2) use Other Funds from fee revenues charged to lenders or beginning farmers. Costs associated with Private Activity Bond sales, to be paid by each individual loan recipient, may include the following:

\$5,000 Office of the State Treasurer closing fee, \$500 Oregon Facilities Authority initial application fee, 0.5 percent of the amount of the bond for the Oregon Facilities Authority processing fee, \$11,500 Oregon Facilities Authority Bond Counsel compensation fee, \$800 financial advisor fee (may be waived depending on OBDD rules), and Private sector bank fees associated with loan processing and closing.

The maximum principal amount of loans are assumed to comply with Internal Revenue Service tax law; which stipulates first-time farmer lending requirements applicable to certain private activity bonds and caps lending at different amounts for specified purposes:

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No