



House Bill 3239

**House Business and Labor Committee
March 23, 2015**

Chair Holvey and members of the House Business and Labor Committee thank you for the opportunity to provide written testimony with respect to House Bill 3239. My name is Kevin Christiansen, and I am the Government Affairs Director for the Oregon Bankers Association (OBA). The OBA serves the depository banks operating in the State of Oregon. Currently, there are 51 FDIC-insured banks doing business in Oregon, 27 of which are headquartered in Oregon. The principal mission of the OBA is to be the voice of Oregon banking and to support the opportunity for banks of all sizes to be viable and successful in order to meet the financial services needs of their diverse customers and communities across the State of Oregon.

Before you today is House Bill 3239 which would expand the definition of "lender" with respect to the Beginning and Expanding Farmer Loan Program, also known as the "Aggie Bond" program. The "Aggie Bond" program came into existence following the passage of House Bill 2700 during the 2013 legislative session. During consideration of the 2013 bill, the banking industry expressed concern that the incentives envisioned by the program would likely not induce many banks to participate. Unfortunately, those concerns have come to pass. There has not been an appetite among banks to utilize the program, and we understand there is now a desire to make the program available through other lenders.

While we recognize the need to have lenders who can participate in the program, we are concerned that the expansion contemplated in HB 3239 is too broad and should be narrowed. Language in Section 2 (7)(d) as currently drafted would allow "other persons or entities", as designated in rule, to become "lenders". If specific categories of lenders are eligible and willing to participate in the program, they should be specified in statute. In the alternative, the criteria under which an individual or entity can become a "lender" that is eligible to participate in the program should be spelled out in statute. While we respect the hard work of the Oregon Business Development Department and the long and successful working relationships that many of our member banks have with the Department, OBA believes that additional lenders eligible to participate in the program should be more clearly defined in statute.

Thank you for the opportunity to provide input with respect to House Bill 3239.