

HB 3091 STAFF MEASURE SUMMARY

House Committee On Agriculture and Land Use

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/14

WHAT THE MEASURE DOES:

Establishes a \$100 maximum loan application fee, payable to the Oregon Business Development Department by a beginning farmer under the Beginning and Expanding Farmer Loan Program. Requires the total amount of all fees paid by a beginning farmer or bond purchaser be paid by the beginning farmer at the loan closing. Specifies that all fees combined may not exceed one percent of the face value of the bond or be less than \$500. Permits the loan fee to be financed with bond proceeds or to be included in the purchase price agreed to in the sales contract. Declares emergency, effective on passage.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

In 2013, the legislature established the Beginning and Expanding Farmer Loan Program to help new farmers and ranchers secure loan funding for the purchase of agricultural land and other property needed for operations. Commonly known as the "Aggie Bond" program, the Oregon Business and Development Department 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 program aims to increase the availability of credit to new farmers by incentivizing lending.

House Bill 3091 would modify fee requirements for the Beginning and Expanding Farmer Loan Program, including establishing a \$100 maximum loan application fee, specifying that all fees combined may not exceed one percent of the face value of the bond or be less than \$500, requiring that the total amount of all fees paid by a beginning farmer or bond purchaser be paid by the beginning farmer at the loan closing, and permitting the loan fee to be financed with bond proceeds or to be included in the purchase price agreed to in the sales contract.