

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1502 - 2

80th Oregon Legislative Assembly – 2020 Regular Session
Legislative Fiscal Office

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

Prepared by: Haylee Morse-Miller
Reviewed by: Steve Bender
Date: February 27, 2020

Measure Description:

Establishes Agricultural Cooperative Member Low-Interest Loan Fund.

Government Unit(s) Affected:

Oregon Business Development Department (OBDD), Oregon Department of Agriculture (ODA), Oregon State Treasurer (OST)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2019-21 Biennium	2021-23 Biennium
Lottery Funds	120,000	
Total Funds	\$120,000	\$0

Analysis:

SB 1502 - 2 establishes the Agricultural Cooperative Member Low-Interest Loan Fund. The measure allocates \$120,000 in Lottery Funds to the Oregon Business Development Department (OBDD) for deposit in the Agricultural Cooperative Member Low-Interest Loan Fund, which is established in the Oregon State Treasury (OST), for the biennium ending June 30, 2021. Moneys in the fund may be invested by OST. Agency administrative costs are expected to not exceed \$20,000, which will allow for a minimum of \$100,000 in total loan awards. Utilization of the program is uncertain, however.

The fund is continuously appropriated to OBDD for carrying out a loan program to help farmers transition to production of high viability crops. OBDD may:

- Make loans from the fund to farmers that were members of an agricultural cooperative on the date that cooperative initiated bankruptcy proceedings.
- Delegate application processing and loan servicing to lending institutions. Moneys collected by a lending institution and paid to OBDD are deposited to the credit of the General Fund.
- Declare borrowers in default and immediately require repayment or begin proceedings to recover the unpaid balance of the loan if the borrower violates the loan terms.
- Adopt rules to prescribe the interest rate for loans.
- Work with borrowers on a reduced payment schedule if there are extenuating circumstances.
- Use money in the fund to cover the costs of administering the loan program.

The Oregon Department of Agriculture will assist OBDD in reaching loan applicants.

The loan program becomes operative on January 1, 2021. Loans may not be made after December 31, 2025. The measure sunsets the loan program and abolishes the Agricultural Cooperative Member Low-Interest Loan Fund January 2, 2040 and reverts remaining funds to the General Fund.