

SB 1502 STAFF MEASURE SUMMARY

Senate Committee On General Government and Emergency Preparedness

Action Date: 02/12/20

Action: Do pass and refer to Ways and Means by prior reference.

Vote: 5-0-0-0

Yeas: 5 - Boquist, Girod, Golden, Monnes Anderson, Riley

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Prepared By: C. Ross, Counsel

Meeting Dates: 2/12

WHAT THE MEASURE DOES:

Creates a 20-year low-interest loan program administered by the Oregon Department of Agriculture (ODA) for farmers who were members of agricultural cooperative that sought bankruptcy protection in 2019, to assist with transition to high viability crop production, as defined. Specifies loan terms and authorizes ODA to make corresponding rules, engage in activity prior to operative date, make loans, and to delegate to lending institutions. States foreclosure avoidance policy. Appropriates unspecified amount of General Fund for the 2020-2021 biennium. Makes loan program operative January 1, 2021, until January 2, 2040, with unobligated moneys reverting to General Fund. Takes effect 91st day following adjournment *sine die*.

ISSUES DISCUSSED:

- History of NORPAC Foods
- Farmer perspective
- Possible need for technical amendment

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

NORPAC Foods Inc., a cooperative owned by farmer members, was first established by a group of Stayton area farmers in 1924 and called the Stayton Canning Company. It expanded over time to become one of the largest food processors in the state, including hundreds of farms from Eugene to Portland. It sought Chapter 11 bankruptcy protection in the fall of 2019. The economic disruption and uncertainty for farmer members, as a result of NORPAC's financial situation, has been extreme.

Senate Bill 1502 creates a 20-year low-interest loan program administered by the Department of Agriculture designed to assist farmer members of NORPAC Foods.