

LC 4 (12/10/21) STAFF MEASURE SUMMARY

Joint Interim Committee on the Second Special Session of 2021

Prepared By: Erin Pischke, LPRO Analyst

WHAT THE MEASURE DOES:

Directs State Department of Agriculture (Department) to establish a forgivable loan program to provide financial assistance to persons engaged in farming or ranching operations in the State of Oregon with lost gross farm income in calendar year 2021 due to a qualifying natural disaster. “Qualifying natural disaster” is defined as drought, flood, heat wave, winter storm, wildfire or pest infestation, or any other natural phenomenon specified by the Department by rule. Authorizes Department to enter into contracts with lending institutions to administer the forgivable loan program using moneys deposited in the Oregon Agricultural Disaster Relief Fund. Requires lending institutions to perform only the services delegated to the lending institution by contract including, but not limited to, processing applications and servicing loans and comply with all contractual terms and applicable laws. Requires the Department to ensure that at least 14 percent of the moneys, excluding moneys to cover administrative costs, appropriated by the Eighty-first Legislative Assembly in the 2021 second special session for deposit in the Oregon Agricultural Disaster Relief Fund are available as loans to persons residing, farming or ranching in Jefferson County. Requires persons, to be eligible for a loan, to submit a written application to a lending institution that, at minimum, demonstrates: 1) that the person files taxes in Oregon for farming or ranching operations located in this state; or that the person is an Indian Tribe as defined by ORS 391.802 with farming or ranching operations in this state; 2) that the person has an adjusted gross income of less than \$500,000 in calendar year 2021; 3) that the person’s farming or ranching operations in this state suffered an economic loss in calendar year 2021 due to a qualifying natural disaster; 4) that, by signed attestation or declaration of the person, to the best of their knowledge and belief, subject to penalty of perjury, the statements in the application are true and correct; and 5) satisfaction of any other reasonable requirements that the Department specifies by rule to ensure the equitable distribution of financial relief. Requires a lending institution in a timely manner to approve or reject an application, upon receipt of a completed application. Requires lending institution, approving an application, to determine the amount, terms and conditions of the loan pursuant to rules adopted by the Department under this Act. Prohibits a loan issued by a lending institution from exceeding \$125,000 or causing the recipient’s actual or estimated 2021 gross farm income to exceed 90 percent of the recipient’s three-year baseline. Prohibits a loan issued by a lending institution to a recipient that qualifies as a historically underserved producer as defined by rule or to a recipient that has less than \$350,000 gross farm income in calendar year 2021 from exceeding \$150,000 or causing the recipient’s actual or estimated 2021 gross farm income to exceed 95 percent of the recipient’s three-year baseline. Provides that a loan issued under this section is forgivable in full except in specified circumstances. Further specifies that a loan recipient who fails to disclose to lending institution receipt of federal disaster payments under the Continuing Appropriations Act, 2022 (P.L. 117-43) is ineligible for loan forgiveness. Specifies that if a recipient is required to pay back an amount less than or equal to \$1,000, the amount of money is forgiven. Requires if a person is to pay back a loan in full or in part, if necessary, all payments must be made to the lending institution servicing the loan no later than June 1, 2023. Requires a lending institution, no later than June 30, 2023, to transfer all unspent and unobligated moneys received, including repaid loan amounts, to the Department for deposit in the Oregon Agricultural Disaster Relief Fund. Requires the Oregon Department of Administrative Services and Oregon Business Development Department, upon the request of the Department, to provide reasonable assistance to the Department with the development and implementation of this program. Requires the Department to establish by rule the procedures and criteria for the administration of the forgivable loan program, including, but not limited to: 1) application requirements and processes, including criteria to determine eligibility for a loan; 2) methods to determine the amount, terms and conditions of a loan; 3) standards and procedures to

determine eligibility for loan forgiveness; and 4) the circumstances, if any, in which noncompliance with a term or condition of a loan by a recipient may be cured. Establishes that all financial and business information contained in the applications and accompanying documentation submitted to a lending institution for a forgivable loan program to provide financial assistance to persons engaged in farming or ranching operations in the State of Oregon is confidential and exempt from disclosure under ORS 192.311 to ORS 192.478. Establishes the Oregon Agricultural Disaster Relief Fund in the State Treasury, separate and distinct from the General Fund, consisting of moneys appropriated or otherwise transferred to the fund by the Legislative Assembly and are continuously appropriated to the Department for distribution under the forgivable loan program established in this Act. Requires Department to submit a report no later than September 15, 2023 to interim legislative committee related to agriculture regarding implementation and results of the forgivable loan program. Requires any unobligated or unexpended moneys remaining in the fund on June 30, 2023 to be deposited in the General Fund and made available for general government purposes. Repeals Act on July 1, 2023, with exception of reporting section (repealed December 31, 2023) and section regarding confidentiality and exemption from disclosure of financial and business information contained in application and accompanying documentation. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

BACKGROUND:

According to the Oregon Department of Agriculture, there were over 37,000 farms in Oregon in 2020, covering almost 16 million acres. Natural disasters such as drought, flood, heatwave, winter storm, wildfire, pest infestation or other natural phenomenon have negatively impacted farmers and ranchers in Oregon in myriad ways, by damaging crops and livestock and leading to a loss of income. The Oregon Department of Agriculture envisions serving the agricultural and food sectors to maintain and enhance a healthy natural resource base and strong economy in rural and urban communities across the state.

LC 4 would direct the State Department of Agriculture to establish a forgivable loan program to provide financial assistance to farming and ranching producers in Oregon with lost gross farm income in calendar year 2021 due to qualifying natural disasters.

This summary has not been adopted or officially endorsed by action of the committee.

1 of 1