

HB 3085 A STAFF MEASURE SUMMARY
House Committee On Agriculture and Land Use

Action Date: 04/09/19

Action: Do pass with amendments and be referred to Ways and Means by prior reference.
(Printed A-Eng.)

Vote: 6-0-1-0

Yeas: 6 - Clem, Helm, McLain, Post, Smith DB, Williams

Exc: 1 - Boshart Davis

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 3/14, 4/9

WHAT THE MEASURE DOES:

Directs the Oregon Department of Agriculture (ODA), in consultation with the Oregon Business Development Department (OBDD), to create a Family Farmer Loan Program (Loan Program) to make direct loans to family farmers, including beginning family farmers. Specifies that the Loan Program is intended to supplement or serve as an alternative to the Beginning and Expanding Farmer Loan Program. Allows the loan proceeds to be used solely to purchase or refinance agricultural land, farming equipment, or livestock; to make permanent agricultural improvements to land; or to restructure operating debt carryover. Requires that ODA, by rule, establish Loan Program eligibility criteria, and specifies minimum criteria. Requires that ODA, by rule, develop a loan application, and specifies minimum application requirements. Requires that ODA, by rule, adopt specifications for the collateral required to secure loans. Establishes annual percentage rate limits and authorizes ODA to charge the loan recipient for agency loan administration costs. Establishes a maximum loan amount of \$500,000 for the applicant's lifetime. Specifies additional requirements for ODA and for applicants. Adds legislative finding that a state-run program for providing low-interest direct loans to family farmers, including beginning family farmers, for land, equipment, livestock, and other related purposes will enhance the ability of family farmers to reverse a decline in family farm ownership. Changes existing Beginning and Expanding Farmer Loan Program Fund to the Farmer Loan Program Fund (Fund) and directs moneys credited to the Fund for the purpose of implementing and operating the Beginning and Expanding Farmer Loan Program to be continuously appropriated to OBDD, whereas all moneys credited to the Fund for the purpose of implementing and operating the Family Farmer Loan Program are to be continuously appropriated to ODA. Becomes operative January 1, 2020. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Aging farming and ranching workforce and anticipated transfers of agricultural lands
- Capital and land access challenges for beginning farmers and ranchers and small producers
- Impact of low-interest loans for these populations
- North Dakota family farmer loan program model
- OBDD small business loan programs

EFFECT OF AMENDMENT:

Changes the agency responsible for the Family Farmer Loan Program from OBDD to ODA. Clarifies that all moneys credited to the Farmer Loan Program Fund for the purpose of implementing and operating the Beginning and Expanding Farmer Loan Program are continuously appropriated to OBDD, whereas all moneys credited to the Fund for the purpose of implementing and operating the Family Farmer Loan Program are continuously appropriated to ODA. Includes ODA in all other Fund provisions.

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BACKGROUND:

In a 2011 survey of farmers and aspiring farmers conducted by the National Young Farmers' Coalition, the lack of capital, including the lack of access to credit was ranked the top challenge facing beginning farmers. Beginning farmers have difficulty accessing credit through traditional commercial loans because, by definition, they have never owned a farm and often have little experience. The 2013 legislature established the Beginning and Expanding Farmer Loan Program to facilitate loans for farmers and ranchers to finance acquisition of approved agricultural projects.

House Bill 3085 A would create a Family Farmer Loan Program for the purpose of making loans directly to family farmers, including beginning family farmers, for: the purchase or refinancing of agricultural land, farming equipment, or livestock; making permanent agricultural improvements to land; or restructuring operating debt carryover.