

House Bill 2489

Sponsored by Representative HELM (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides that persons whose farming or ranching operation suffered economic loss in 2022 due to certain natural disasters may apply for forgivable loans.
Modifies other provisions of forgivable loan program.
Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to financial assistance for agricultural producers; amending sections 1, 2, 5, 6, 7 and 8,
3 chapter 2, Oregon Laws 2021 (second special session); and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** Section 1, chapter 2, Oregon Laws 2021 (second special session), is amended to
6 read:

7 **Sec. 1.** As used in sections 1 to 5 [*of this 2021 second special session Act*], **chapter 2, Oregon**
8 **Laws 2021 (second special session)**, unless the context requires otherwise:

9 (1) "Adjusted gross income" means:

10 (a) The adjusted gross income [*in calendar year 2021*] **for the relevant year** as reported on a
11 recipient's Internal Revenue Service 1040 Form;

12 (b) If a recipient has not yet filed taxes for [*calendar year 2021*] **the relevant year**, an estimate
13 of the recipient's adjusted gross income in [*calendar year 2021*] **the relevant year**, as determined
14 by the State Department of Agriculture by rule; or

15 (c) If a recipient is an Indian tribe as defined in ORS 391.802, the measure of adjusted gross
16 income specified by the department by rule.

17 (2) "Gross farm income" means:

18 (a) The gross farm income that is reported on a recipient's Internal Revenue Service 1040 Form
19 Schedule F; or

20 (b) If a recipient is an Indian tribe as defined in ORS 391.802, the measure of gross farm income
21 specified by the department by rule.

22 (3) "Lending institution" means a third-party legal entity licensed to conduct business in the
23 State of Oregon that:

24 (a) Is approved to participate in the guaranteed farm loan programs of the Farm Service Agency
25 of the United States Department of Agriculture under 7 C.F.R. 762.105; or

26 (b) Demonstrates to the satisfaction of the department the capability and expertise to administer
27 the forgivable loan program established under section 2 [*of this 2021 second special session Act*],
28 **chapter 2, Oregon Laws 2021 (second special session)**.

29 (4) "Loss year" means the calendar year in which an economic loss occurs and for which
30 a person applies for a loan under section 2, chapter 2, Oregon Laws 2021 (second special

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 **session).**

2 [(4)] (5) “Qualifying natural disaster” means a drought, flood, heat wave, winter storm, wildfire
3 or pest infestation, or any other natural phenomenon specified by the department by rule.

4 [(5)] (6) “Three-year baseline” means:

5 (a) The mean of the recipient’s gross farm income in calendar years 2017, 2018 and 2019 as re-
6 ported on the recipient’s Internal Revenue Service Form 1040 Schedule F;

7 (b) If a recipient was not operating a farm or ranch in Oregon during one or more of the three
8 years listed under paragraph (a) of this subsection, a reasonable estimate of what the recipient’s
9 gross farm income would have been had the recipient been operating a farm or ranch during cal-
10 endar years 2017, 2018 and 2019, as determined by the department by rule; or

11 (c) If a recipient is an Indian tribe, as defined in ORS 391.802, that is not required under federal
12 law to file an Internal Revenue Service 1040 Form Schedule F, the mean of the recipient’s gross farm
13 income during calendar years 2017, 2018 and 2019, as determined by the department by rule.

14 **SECTION 2.** Section 2, chapter 2, Oregon Laws 2021 (second special session), is amended to
15 read:

16 **Sec. 2.** (1) The State Department of Agriculture shall establish, in accordance with sections 1
17 to 5 [of this 2021 second special session Act], **chapter 2, Oregon Laws 2021 (second special ses-
18 sion)**, a forgivable loan program to provide financial assistance to persons engaged in farming or
19 ranching operations in the State of Oregon with lost gross farm income in calendar year 2021 **or
20 2022** due to a qualifying natural disaster.

21 (2)(a) The department is authorized to enter into contracts with lending institutions to adminis-
22 ter the forgivable loan program using moneys deposited in the Oregon Agricultural Disaster Relief
23 Fund established under section 5 [of this 2021 second special session Act], **chapter 2, Oregon Laws
24 2021 (second special session).**

25 (b) In exercising authority under this section, a lending institution shall:

26 (A) Perform only the services that are delegated to the lending institution by contract entered
27 into under paragraph (a) of this subsection, including, but not limited to, processing applications and
28 servicing loans; and

29 (B) Comply with all contractual terms and applicable laws.

30 (c) The department shall ensure that at least 14 percent of the moneys, excluding moneys to
31 cover administrative costs, appropriated by the Eighty-first Legislative Assembly in the 2021 second
32 special session for deposit in the Oregon Agricultural Disaster Relief Fund are available as loans
33 to persons residing, farming or ranching in Jefferson County.

34 (3) To be eligible for a loan, a person must submit a written application to a lending institution
35 that, at minimum, demonstrates:

36 (a)(A) That the person files taxes in Oregon for farming or ranching operations located in this
37 state; or

38 (B) That the person is an Indian tribe as defined by ORS 391.802 with farming or ranching op-
39 erations in this state;

40 (b) That the person has an adjusted gross income of less than \$500,000 in [calendar year 2021]
41 **the loss year;**

42 (c) That the person’s farming or ranching operations in this state suffered an economic loss in
43 calendar year 2021 **or 2022** due to a qualifying natural disaster;

44 **(d) That the person did not previously receive a loan under this section;**

45 [(d)] (e) That, by signed attestation or declaration of the person, to the best of their knowledge

1 and belief, subject to penalty of perjury, as described in ORS 162.065, the statements in the appli-
2 cation are true and correct; and

3 [(e)] (f) Satisfaction of any other reasonable requirements that the department specifies by rule
4 to ensure the equitable distribution of financial relief.

5 (4)(a) Upon receipt of a completed application, a lending institution in a timely manner shall
6 approve or reject the application.

7 (b) If a lending institution approves an application, the lending institution shall determine the
8 amount, terms and conditions of the loan pursuant to rules established by the department under
9 section 3 [of this 2021 second special session Act], **chapter 2, Oregon Laws 2021 (second special**
10 **session)**.

11 (5)(a) A loan issued by a lending institution may not:

12 (A) Exceed \$125,000; or

13 (B) Cause the recipient's actual or estimated gross farm income in [calendar year 2021] **the loss**
14 **year** to exceed 90 percent of the recipient's three-year baseline.

15 (b) Notwithstanding paragraph (a) of this subsection, a loan issued by a lending institution to
16 a recipient that qualifies as a historically underserved producer as defined by the department by
17 rule or to a recipient that has less than \$350,000 gross farm income in [calendar year 2021] **the loss**
18 **year** may not:

19 (A) Exceed \$150,000; or

20 (B) Cause the recipient's actual or estimated gross farm income in [calendar year 2021] **the loss**
21 **year** to exceed 95 percent of the recipient's three-year baseline.

22 (6)(a) A loan issued under this section is forgivable in full except as provided in paragraphs (b)
23 and (c) of this subsection.

24 (b) If the aggregate of a recipient's gross farm income in [calendar year 2021] **the loss year**, loan
25 received under this section and federal disaster payments, if any, received under the Continuing
26 Appropriations Act, 2022 (P.L. 117-43) exceeds the applicable percentage limitations for the
27 recipient's three-year baseline in subsection (5) of this section, the recipient must repay the lesser
28 of:

29 (A) The amount of money necessary to cause the recipient's aggregate as described in this par-
30 agraph not to exceed the applicable percentage of the recipient's three-year baseline in subsection
31 (5) of this section; or

32 (B) The full amount of the loan issued under this section.

33 (c) Notwithstanding paragraphs (a) and (b) of this subsection:

34 (A) A recipient that fails to disclose to a lending institution receipt of federal disaster payments
35 under the Continuing Appropriations Act, 2022 (P.L. 117-43) is ineligible for loan forgiveness.

36 (B) If a recipient is required to pay back an amount of money less than or equal to \$1,000, the
37 amount of money is forgiven.

38 (d) If a recipient is required to pay back a loan in full or in part under this subsection, all
39 payments must be made to the lending institution servicing the loan no later than June 1, [2023]
40 **2024**.

41 (7) No later than June 30, [2023] **2024**, a lending institution shall transfer all unspent and un-
42 obligated moneys received under this section, including repaid loan amounts, to the department for
43 deposit in the Oregon Agricultural Disaster Relief Fund.

44 (8) Upon the request of the department, the Oregon Department of Administrative Services and
45 Oregon Business Development Department shall provide reasonable assistance to the State Depart-

1 ment of Agriculture with the development and implementation of this program.

2 **SECTION 3.** Section 5, chapter 2, Oregon Laws 2021 (second special session), is amended to
3 read:

4 **Sec. 5.** (1) The Oregon Agricultural Disaster Relief Fund is established in the State Treasury,
5 separate and distinct from the General Fund. The Oregon Agricultural Disaster Relief Fund consists
6 of moneys appropriated or otherwise transferred to the fund by the Legislative Assembly and other
7 amounts deposited in the fund from any source. Moneys in the fund are continuously appropriated
8 to the State Department of Agriculture for distribution under the forgivable loan program estab-
9 lished under section 2 [*of this 2021 second special session Act*], **chapter 2, Oregon Laws 2021**
10 **(second special session).**

11 (2) Any unobligated or unexpended moneys remaining in the fund on [*June 30, 2023*] **January**
12 **2, 2025**, shall be deposited in the General Fund and made available for general governmental pur-
13 poses.

14 **SECTION 4.** Section 6, chapter 2, Oregon Laws 2021 (second special session), is amended to
15 read:

16 **Sec. 6.** Sections 1, 2, 3 and 5 [*of this 2021 second special session Act*], **chapter 2, Oregon Laws**
17 **2021 (second special session)**, are repealed on [*July 1, 2023*] **January 2, 2025.**

18 **SECTION 5.** Section 7, chapter 2, Oregon Laws 2021 (second special session), is amended to
19 read:

20 **Sec. 7.** (1) No later than September 15, 2023, the State Department of Agriculture shall submit
21 a report to the interim committees of the Legislative Assembly related to agriculture, in the manner
22 provided in ORS 192.245, regarding the implementation and results of the forgivable loan program
23 established under section 2 [*of this 2021 second special session Act*], **chapter 2, Oregon Laws 2021**
24 **(second special session).**

25 **(2) The department shall submit an update to the report in the same manner no later**
26 **than September 15, 2024.**

27 **SECTION 6.** Section 8, chapter 2, Oregon Laws 2021 (second special session), is amended to
28 read:

29 **Sec. 8.** Section 7 [*of this 2021 second special session Act*], **chapter 2, Oregon Laws 2021 (sec-**
30 **ond special session)**, is repealed on [*December 31, 2023*] **January 2, 2025.**

31 **SECTION 7. This 2023 Act being necessary for the immediate preservation of the public**
32 **peace, health and safety, an emergency is declared to exist, and this 2023 Act takes effect**
33 **on its passage.**

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