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To: Senate Committee on Finance and Revenue

RE: SB 93

Dear Members of the Senate Committee on Finance and Revenue,

I am writing on behalf of Umpqua Bank to express our strong support for Senate Bill 93, which proposes a tax subtraction for financial institutions that provide loans for agricultural real estate, rural residences, and coastal fishing boats. This bill is a crucial step towards supporting Oregon's farmers and ranchers, who are the backbone of our rural communities.

Senate Bill 93 will significantly reduce the cost for farmers and ranchers to finance agricultural real estate loans by removing the taxation on income from interest on these loans. This change is estimated to lower the interest rate on farm loans by 1% to 1.5% on average, thereby increasing cash flow for farmers and ranchers and providing them with much-needed financial relief.

Furthermore, SB 93 will help sustain access to local credit for farmers and ranchers. By allowing banks to provide more agricultural real estate loans, this bill will enable financial institutions like Umpqua Bank to remain strong within our local communities and continue supporting the agricultural sector.

It is important to note that commodity prices have experienced fluctuations over the past decade, but overall, they have not seen significant long-term increases. While there have been periods of price spikes the general trend has been relatively stagnant. Meanwhile, the costs of land and farm inputs, such as fertilizer, seeds, and machinery, have continued to rise, making it more challenging for farmers to maintain profitability.

According to the USDA's Census of Agriculture, the number of farms in Oregon has decreased by 6% since 2017 and by 11% since 2002. The average farm size has also seen changes, contributing to the financial pressures on farmers. These factors combined create significant financial challenges for farmers and ranchers, as their income levels are squeezed by rising costs and stagnant commodity prices.



By providing a deduction on taxable income received from interest on agricultural loans, SB 93 will lower the cost of doing business for farmers and ranchers across Oregon, allowing them to increase their margins and overall cash flow. This bill is a farmer-friendly solution that will benefit agricultural producers across all of Oregon.

We believe it is time to provide this valuable relief to our farmers and ranchers. Senate Bill 93 is a smart legislative solution that will help sustain the agricultural sector and support the economic well-being of our rural communities. We urge you to support this important legislation.

Sincerely,

Trent Wright