

# FINAL BILL REPORT

## SSB 5092

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### C 120 L 05

Synopsis as Enacted

**Brief Description:** Creating a beginning farmers loan program.

**Sponsors:** Senate Committee on Agriculture & Rural Economic Development (originally sponsored by Senator Jacobsen).

**Senate Committee on Agriculture & Rural Economic Development**  
**House Committee on Economic Development, Agriculture & Trade**

**Background:** The Housing Finance Commission provides a range of loan programs utilizing tax exempt bonds. The tax savings allows the lenders to provide loans at a reduced interest rate to qualified borrowers. The amount of tax exempt bonds that may be issued by a state is limited by federal law.

Several states utilize tax exempt bonds to operate loan programs for beginning farmers. The parameters of the program that may be offered using tax exempt bonds are set by the federal tax code. These parameters include that: (1) the bond funds may be used to purchase land, equipment, and livestock; (2) the land must be used for farming purposes; (3) tax exempt bonds are issued as private placements with banks; (4) lending decisions are made by banks which take the risk; (5) loans are limited to a maximum of \$250,000; (6) borrowers must be first-time farmers and actively farm the land; and (7) land may be purchased from a related person as long as the related person does not have a financial interest in the farming operation after acquisition.

**Summary:** The Washington State Housing Finance Commission may develop and implement a program to provide financing for beginning farmers. Eligibility criteria must be established that will enable the commission to choose applicants who are likely to repay loans made or acquired by the commission and funded from the proceeds of commission bonds.

**Votes on Final Passage:**

Senate	47	0
House	95	0

**Effective:** July 24, 2005