

**RESOLUTION TO CONSIDER THE NEED FOR GREATER
FLEXIBILITY IN AGRICULTURAL LENDING**

1999 GENERAL SESSION

STATE OF UTAH

Sponsor: Bradley T. Johnson

A CONCURRENT RESOLUTION OF THE LEGISLATURE AND THE GOVERNOR URGING FINANCIAL INSTITUTION REGULATORS TO CONSIDER THE NEED FOR GREATER FLEXIBILITY IN AGRICULTURAL LENDING.

Be it resolved by the Legislature of the state of Utah, the Governor concurring therein:

WHEREAS, Utah is home to over 13,000 farms;

WHEREAS, over 100,000 jobs are directly tied to Utah's agricultural industry;

WHEREAS, agriculture impacts many other industries, it may account for up to 20% of the economy, and may have an overall fiscal impact on the economy equaling approximately \$3,000,000,000;

WHEREAS, Utah food and agriculture producers and processors set an export record for the sixth year in a row in 1997, totaling \$280,000,000;

WHEREAS, although marketing of Utah crops and livestock in 1997 produced a 9% increase in cash receipts over 1996, production expenses contributed to a decline in actual farm income;

WHEREAS, the benefits of agricultural land include food and fiber production, wildlife habitat, scenic vistas, well-being of citizens, and enhanced economic and environmental health;

WHEREAS, continued support of the agricultural industry is crucial to preserving our agricultural heritage and the defining characteristics it offers many of our communities;

WHEREAS, agricultural loans from financial institutions are sometimes necessary to sustain the productivity and existence of farms;

WHEREAS, the agricultural industry is unique from other commercial industries because of its cyclical nature wherein its sales dates vary according to market and in some instances are carried into the next year;

WHEREAS, the agricultural industry's cyclical nature is due in large part to natural forces

and weather patterns that are not within farmers' control; and

WHEREAS, because financial institution regulators have a great influence on how agricultural lenders view extensions of credit, regulators could effectively facilitate examination of the need for more flexibility in the area of agricultural lending:

NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah, the Governor concurring therein, in recognition of the unique needs of the state's agricultural business, urge financial institution regulators to consider the need for greater flexibility in agricultural lending and work with the agricultural and lending industries to determine how best to achieve any needed flexibility.

BE IT FURTHER RESOLVED that the Legislature of the state of Utah, the Governor concurring therein, urge financial institution regulators, to specifically explore flexibility in cash flow analysis used in determining eligibility for agricultural loans, such as the possibility of conducting cash flow analysis on periods of no less than five years, thereby providing a more accurate portrayal of farms' financial standing.