

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

3 1999 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Bradley T. Johnson**

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

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

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

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

12 WHEREAS, agriculture impacts many other industries, it may account for up to 20% of
13 the economy, and may have an overall fiscal impact on the economy equaling approximately
14 \$3,000,000,000;

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

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

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

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

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

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

28 carried into the next year;

29 WHEREAS, the agricultural industry's cyclical nature is due in large part to natural forces
30 and weather patterns that are not within farmers' control; and

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

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

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

Legislative Review Note
as of 1-21-99 5:17 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel