

STATE OF OKLAHOMA

1st Session of the 47th Legislature (1999)

SENATE  
RESOLUTION SR12

By: Muegge

AS INTRODUCED

A Resolution urging the President and Congress of the United States to amend the federal Internal Revenue Code to permit banks and other financial institutions to deduct certain interest expense associated with their purchase of tax-exempt bonds that support beginner farmer programs; and directing distribution.

WHEREAS, America's family farmers are experiencing financial distress caused by low commodity prices, drought, and a slowdown in world demand for agricultural exports; and

WHEREAS, many states administer "beginner farmer" loan programs, designed to encourage new entrants into the farming profession; and

WHEREAS, these programs typically involve no direct appropriations, but instead an application for a federal income tax exemption to loans made to first-time purchasers of farm land, agricultural equipment, and livestock; and

WHEREAS, the tax savings to banks participating in the program would provide an incentive to reduce the interest rates charged to qualifying farmers; and

WHEREAS, unfortunately, the federal Internal Revenue Code currently includes provisions which discourage banks from participating in the beginner farmer program, and which deny farmers the full savings that could result from tax-exempt financing of beginner farmer loans; and

WHEREAS, the total amount of tax revenue associated with these exemptions is relatively small, and bank deductibility for beginner

farmer loans would have a minimal effect on the federal budget revenues compared to the benefits to beginner farmers.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE 1ST SESSION OF THE 47TH OKLAHOMA LEGISLATURE:

THAT the Oklahoma State Senate supports changes to the federal Internal Revenue Code designed to allow "bank deductibility" of bonds used to finance loans to beginner farmers, thereby reducing borrowing costs to qualifying farmers and strengthening the agricultural sector of our nation's economy.

THAT the Oklahoma State Senate recommends that the President and Congress of the United States amend the federal Internal Revenue Code to permit banks and other financial institutions to deduct interest expense associated with their purchase of tax-exempt bonds that support beginner farmer programs.

THAT the Oklahoma State Senate recommends that the President and Congress of the United States amend the federal Internal Revenue Code to permit "bank deductibility" for loans financed by issuers that are not "small issuers" as defined in the Internal Revenue Code, since many states use larger authorities to issue tax-exempt obligations used to create funds to beginner farmer programs.

THAT a copy of this resolution be distributed to the President of the United States and the Oklahoma Congressional Delegation.

47-1-1260

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