

May 14, 2007

The undersigned state banking organizations are strongly opposed to Farm Credit Council proposals to rewrite the Farm Credit Act, commonly known as the Horizons Project. The Council's expansion agenda includes financing for large corporations, home mortgage lending in wealthy metropolitan suburbs, and dilution of farmer ownership of cooperatives through a dismantling of stock ownership rules. This dramatic overhaul of the Farm Credit Act should not be part of the Farm Bill.

The FCS is a tax advantaged, direct retail lending Government Sponsored Enterprise (GSE) that was chartered by Congress to provide credit to small farmers, ranchers, farmer owned businesses, and rural home owners. What Farm Credit is proposing through the Horizons Project would expand and transform the FCS into a powerful corporate and consumer lending GSE.

As a congressionally chartered GSE, the FCS was granted special powers and privileges, including tax advantages that have reduced their tax bill to almost zero, preferential long term borrowing authority in the government debt market, and the backing of the American taxpayer. The FCS should leverage these GSE privileges in the service of its mission to farmers, not in the service of its own ambitions. The new powers being sought by the FCS are not about agriculture loans; they are about GSE executives who want to move away from agriculture into corporate and mortgage lending.

Banks work hard every day to support farmers, ranchers, and local communities. We finance economic development, new business opportunities, and community development projects. The expansion agenda of the Council would displace a great deal of private sector activity and could destabilize rural economies. Furthermore, there is no shortage of funds for housing or corporate lending today and no public policy reason to dilute farmer ownership of cooperatives.

Sincerely,

American Bankers Association
Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Connecticut Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Idaho Bankers Association

Illinois Bankers Association
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association
Maine Bankers Association
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association
Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association

Cc: Members of the House/Senate Agriculture Committee