

113TH CONGRESS
1ST SESSION

S. 678

To amend the Food, Conservation, and Energy Act of 2008 to establish a program to provide loans for local farms, ranches, and market gardens to improve public health and nutrition, reduce energy consumption, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 9, 2013

Mr. CASEY (for himself and Mr. HARKIN) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To amend the Food, Conservation, and Energy Act of 2008 to establish a program to provide loans for local farms, ranches, and market gardens to improve public health and nutrition, reduce energy consumption, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Growing Opportunities
5 for Agriculture and Responding to Markets Act of 2013”.

1 **SEC. 2. LOCAL FARM BUSINESS AND MARKET GARDEN**
2 **COMPETITIVE LOAN PROGRAM.**

3 Subtitle D of title X of the Food, Conservation, and
4 Energy Act of 2008 is amended by adding after section
5 10404 (Public Law 110–246; 122 Stat. 2111) the fol-
6 lowing:

7 **“SEC. 10405. LOCAL FARM BUSINESS AND MARKET GARDEN**
8 **COMPETITIVE LOAN PROGRAM.**

9 “(a) DEFINITIONS.—In this section:

10 “(1) AGRICULTURAL COMMODITY.—The term
11 ‘agricultural commodity’ has the meaning given the
12 term in section 102 of the Agricultural Trade Act of
13 1978 (7 U.S.C. 5602).

14 “(2) ELIGIBLE LENDING ENTITY.—The term
15 ‘eligible lending entity’ means a government agency,
16 nonprofit organization, or any other entity that the
17 Secretary designates to finance and facilitate the de-
18 velopment of a local farm business project or market
19 garden project.

20 “(3) ELIGIBLE PRODUCER.—The term ‘eligible
21 producer’ means an individual or group of individ-
22 uals who carry out a local farm business project or
23 market garden project.

24 “(4) FOOD DESERT.—The term ‘food desert’
25 has the meaning given the term in section 7527(a).

1 “(5) LOCAL FARM BUSINESS PROJECT.—The
2 term ‘local farm business project’ means a project
3 on a farm or ranch that—

4 “(A) is for the production of an agricul-
5 tural commodity for local markets in the local
6 service area; and

7 “(B) is located on 1 or more property lots,
8 the cumulative acreage of which shall be more
9 than 1 acre.

10 “(6) LOCAL SERVICE AREA.—The term ‘local
11 service area’ means an area consisting of a certain
12 mile radius (as determined by the Secretary) from
13 the physical location of production by an eligible
14 local farm business or market garden project.

15 “(7) MARKET GARDEN PROJECT.—The term
16 ‘market garden project’ means a project that—

17 “(A) is for the production of an agricul-
18 tural commodity for local markets in the local
19 service area; and

20 “(B) is located on 1 or more property lots
21 (regardless of the population density of the area
22 in which the property lots are located), the cu-
23 mulative acreage of which shall be more than
24 $\frac{1}{4}$ acre.

1 “(8) REVOLVING LOAN FUND.—The term ‘re-
2 volving loan fund’ means a revolving loan fund es-
3 tablished by an eligible lending entity as described in
4 subsection (c).

5 “(9) SOCIALLY DISADVANTAGED FARMER OR
6 RANCHER.—The term ‘socially disadvantaged farmer
7 or rancher’ has the meaning given the term in sec-
8 tion 355(e) of the Consolidated Farm and Rural De-
9 velopment Act (7 U.S.C. 2003(e)).

10 “(10) SPECIALTY CROP.—The term ‘specialty
11 crop’ has the meaning given the term in section 3
12 of the Specialty Crops Competitiveness Act of 2004
13 (7 U.S.C. 1621 note; Public Law 108–465).

14 “(11) SUSTAINABLE AGRICULTURE.—The term
15 ‘sustainable agriculture’ has the meaning given the
16 term in section 1404 of the National Agricultural
17 Research, Extension, and Teaching Policy Act of
18 1977 (7 U.S.C. 3103).

19 “(b) COMPETITIVE LOAN PROGRAM FOR ELIGIBLE
20 LENDING ENTITIES.—

21 “(1) IN GENERAL.—To support new entrepre-
22 neurship and job creation, the Secretary shall estab-
23 lish a local farm business and market garden com-
24 petitive loan program under which the Secretary

1 shall make available to eligible lending entities loans
2 to develop revolving loan funds to assist—

3 “(A) eligible producers in establishing local
4 farm business projects or market garden
5 projects that will locally produce fresh foods;
6 and

7 “(B) local farm business projects and mar-
8 ket garden projects to create local employment
9 opportunities by—

10 “(i) increasing farm and garden in-
11 come by connecting producers and con-
12 sumers;

13 “(ii) creating more reliable local food
14 systems;

15 “(iii) diversifying food production;

16 “(iv) increasing consumer access to
17 fresh, local healthful foods produced by
18 local farms, ranches, and market gardens
19 in urban, suburban, or rural areas;

20 “(v) supporting nutrition education
21 that incorporates participation of school
22 children in farm- and garden-based agri-
23 cultural education activities; and

24 “(vi) preserving farmland.

1 “(2) ELIGIBILITY.—To be eligible to receive a
2 loan under the program established under paragraph
3 (1), an eligible lending entity shall submit to the
4 Secretary an application at such time, in such form,
5 and containing such information as the Secretary
6 may require.

7 “(3) SELECTION CRITERIA.—

8 “(A) APPROVAL.—Not later than 1 year
9 after the date of enactment of this section and
10 in accordance with this paragraph, the Sec-
11 retary shall, on a competitive basis, begin as-
12 sessing and approving such applications re-
13 ceived under paragraph (2) as the Secretary
14 considers appropriate.

15 “(B) CRITERIA.—In considering a loan ap-
16 plication received under paragraph (2), the Sec-
17 retary shall—

18 “(i) evaluate the extent to which the
19 application demonstrates the ability of the
20 eligible lending entity—

21 “(I) to manage, market, and ad-
22 minister a revolving loan fund;

23 “(II) to assist local eligible pro-
24 ducers to successfully meet local serv-
25 ice area opportunities;

1 “(III) to work with partners to
2 provide technical support to eligible
3 local farm business projects and mar-
4 ket garden projects;

5 “(IV) to recruit, educate, and as-
6 sist local producers to advance local
7 farming and ranching opportunities
8 that meet local service area needs;
9 and

10 “(V) subject to paragraph (5), to
11 provide matching funds in the form of
12 cash or in-kind services to properly
13 implement and manage the revolving
14 loan fund;

15 “(ii) assess—

16 “(I) the number and type of local
17 farm business projects and market
18 garden projects to be affected by local
19 farm business project loan funding;

20 “(II) the number of new jobs and
21 eligible local farm business projects
22 and market garden projects to be cre-
23 ated by the revolving loan fund;

1 “(III) the ability of an eligible
2 local farm business project or market
3 garden project—

4 “(aa) to preserve farmland
5 through economically and envi-
6 ronmentally sustainable agri-
7 culture practices (as determined
8 by the Secretary); and

9 “(bb) to serve schools and
10 institutions with a high propor-
11 tion of students who are eligible
12 for free or reduced price lunches
13 under the Richard B. Russell Na-
14 tional School Lunch Act (42
15 U.S.C. 1751 et seq.);

16 “(IV) the degree to which an eli-
17 gible local farm business project or
18 market garden project—

19 “(aa) incorporates experien-
20 tial nutrition education;

21 “(bb) demonstrates the po-
22 tential positive economic impact
23 for the local economy;

1 “(cc) demonstrates environ-
2 mentally sustainable agriculture
3 practices; and

4 “(dd) demonstrates a col-
5 laboration between schools or
6 educational institutions, non-
7 governmental organizations, pro-
8 ducer groups, and other commu-
9 nity and business partners; and

10 “(V) the market opportunity for
11 eligible local farm business projects or
12 market garden projects to sell prod-
13 ucts in the local community; and

14 “(iii) consider any other factors that
15 the Secretary determines to be appropriate.

16 “(C) REGIONAL BALANCE.—To the max-
17 imum extent practicable, in awarding loans
18 under this section, the Secretary shall ensure
19 that loan recipients—

20 “(i) are geographically diverse;

21 “(ii) serve clients targeted by the loan
22 program, including socially disadvantaged
23 farmers or ranchers;

24 “(iii) serve clients located in areas
25 with a variety of population densities, in-

1 cluding rural, suburban, urban, and tribal
2 areas; and

3 “(iv) identify and serve food deserts
4 within the local service area.

5 “(D) PRIORITY.—

6 “(i) IN GENERAL.—In considering
7 loan applications received under paragraph
8 (2), the Secretary shall give priority to ap-
9 plications that demonstrate the ability and
10 willingness of the eligible lending entity—

11 “(I) to serve clients targeted by
12 the program, including, as appro-
13 priate, socially disadvantaged farmers
14 or ranchers;

15 “(II) to assist with the financial
16 management aspects of specialty crop
17 farming and other types of local agri-
18 cultural projects; and

19 “(III) to address the nutritional
20 needs of an underserved area, as de-
21 termined in accordance with clause
22 (ii).

23 “(ii) UNDERSERVED AREAS.—In de-
24 termining whether an area is an under-
25 served area, the Secretary shall consider—

- 1 “(I) population density;
- 2 “(II) below-average supermarket
- 3 density or sales;
- 4 “(III) the rate of ownership of
- 5 motor vehicles; and
- 6 “(IV) geographical or physical
- 7 barriers, such as highways, moun-
- 8 tains, major parks, or bodies of water.

9 “(4) LOAN TERMS FOR ELIGIBLE LENDING EN-

10 TITIES.—

11 “(A) IN GENERAL.—For each fiscal year

12 for which the Secretary makes a loan to an eli-

13 gible lending entity under this subsection, the

14 loan shall—

15 “(i) be in an amount that is not less

16 than \$200,000 and not more than

17 \$1,000,000; and

18 “(ii) be used by the eligible lending

19 entity to establish a revolving loan fund to

20 provide loans for local farm business

21 projects or market garden projects.

22 “(B) TERM.—The term of a loan under

23 this subsection shall not exceed 20 years from

24 the date on which the loan is finalized.

1 “(C) LOAN FINANCING TERMS.—In mak-
2 ing loans to eligible lending entities under this
3 subsection, the Secretary shall—

4 “(i) set the rate of interest at not
5 more than 2 percent per year; and

6 “(ii) ensure that no payments are due
7 on the loan during the first 2 years of the
8 loan.

9 “(5) MATCHING FUNDS.—The Secretary may
10 not require an eligible lending entity that receives a
11 loan under this subsection to provide, from non-Fed-
12 eral sources, in cash or in-kind, the cost of carrying
13 out activities under the loan.

14 “(6) ADMINISTRATIVE EXPENSES.—

15 “(A) IN GENERAL.—Each eligible lending
16 entity that receives a loan under this subsection
17 shall be eligible additionally to receive a 1-time
18 grant for purposes described in subparagraph
19 (B) in an amount that is not more than the
20 lesser of—

21 “(i) 10 percent of the total amount of
22 the loan received by the eligible lending en-
23 tity; or

24 “(ii) \$50,000.

1 “(B) USE OF GRANT FUNDS.—Grant funds
2 received under subparagraph (A) may be used
3 by the eligible lending entity only to pay man-
4 agement and technical support costs associated
5 with the loan.

6 “(C) INTEREST RATE.—If an eligible lend-
7 ing entity receives a grant under subparagraph
8 (A), the eligible lending entity may not set the
9 interest rate of loans made by the eligible lend-
10 ing entity to local farm business projects or
11 market garden projects at more than 3 percent
12 per year.

13 “(7) PROGRESS REPORTS.—

14 “(A) IN GENERAL.—Not later than 90
15 days after the last day of each fiscal year, each
16 eligible lending entity that has a loan under this
17 subsection shall submit to the Secretary a re-
18 port that includes—

19 “(i) an evaluation of the progress of
20 the revolving loan fund carried out by the
21 eligible lending entity;

22 “(ii) a description of the revolving
23 loan fund, including information on all
24 loans made to local farm business projects
25 or market garden projects;

1 “(iii) a status update for the local
2 farm business projects and market garden
3 projects funded by the revolving loan fund
4 that describes—

5 “(I) the amount of food pro-
6 duced;

7 “(II) the amount of revenue gen-
8 erated; and

9 “(III) the number of new and re-
10 tained jobs; and

11 “(iv) such other information as the
12 Secretary may require.

13 “(B) REPORTS BY THE SECRETARY.—Not
14 later than 3 years after the date of enactment
15 of this section, the Secretary shall submit to the
16 Committee on Agriculture of the House of Rep-
17 resentatives and the Committee on Agriculture,
18 Nutrition, and Forestry of the Senate a report
19 that describes the results and findings of the
20 loan program carried out under this subsection.

21 “(8) ANNUAL REVIEW.—The Secretary shall
22 conduct an annual review of the financial records of
23 each eligible lending entity that receives funding
24 under this subsection—

1 “(A) to assess the financial soundness of
2 the eligible lending entity; and

3 “(B) to determine the effective use of loan
4 and grant funds made available to the eligible
5 lending entity under this subsection.

6 “(c) REVOLVING LOAN FUND.—

7 “(1) ESTABLISHMENT AND PURPOSE.—Each el-
8 igible lending entity that receives a loan under sub-
9 section (b) shall use the funds to establish a revolv-
10 ing loan fund to provide loans to eligible producers
11 in the local service area.

12 “(2) ELIGIBLE ACTIVITIES.—Loans made by an
13 eligible lending entity under this subsection shall be
14 used by the eligible producer to carry out eligible ac-
15 tivities in the local service area, including—

16 “(A) to carry out production projects for
17 value-added food products;

18 “(B) to provide working capital for general
19 operational costs of the local farm business
20 project or market garden project;

21 “(C) to purchase project-related equip-
22 ment;

23 “(D) to purchase seeds, plants, and fruit
24 or nut trees;

1 “(E) to purchase livestock, poultry, and
2 breeding stock;

3 “(F) to construct and maintain irrigation
4 systems;

5 “(G) to construct buildings (including
6 barns, sheds, greenhouses, and dry and cold
7 storage sheds) necessary to support production;

8 “(H) to lease, lease to purchase, or directly
9 purchase farmland or make a down payment on
10 an accepted purchase offer for farmland; or

11 “(I) to carry out any other activity that
12 the Secretary determines to be in accordance
13 with this section.

14 “(3) LOAN CONDITIONS.—

15 “(A) IN GENERAL.—To be eligible to re-
16 ceive a loan under this section from an eligible
17 lending entity, an eligible producer shall—

18 “(i) supply a minimum level of sup-
19 port of the cost of the local farm business
20 project, market garden project, or institu-
21 tion costs, as determined by the Secretary;
22 and

23 “(ii) submit to the eligible lending en-
24 tity—

1 “(I) documentation of, as appro-
2 priate—

3 “(aa) a long-term land lease
4 contract granting the right to
5 perform local production agri-
6 culture;

7 “(bb) a building lease; or

8 “(cc) a deed of property
9 ownership; and

10 “(II) a conservation plan and a
11 sound business plan that is likely to
12 result in a profitable business with
13 sustainable employment for the eligi-
14 ble producer and any employees.

15 “(B) SECRETARIAL APPROVAL; GUAR-
16 ANTEE.—

17 “(i) APPROVAL.—Before an eligible
18 lending entity may make a loan or package
19 of loans to an eligible producer under this
20 section, the Secretary shall approve the
21 loan or package of loans in accordance
22 with the requirements of this section.

23 “(ii) LOAN GUARANTEE.—The Sec-
24 retary shall guarantee not more than 85

1 percent of the principal and interest on
2 each loan approved under clause (i).

3 “(4) PRIORITY.—In making loans under this
4 subsection, the eligible lending entity shall give pri-
5 ority to eligible producers that are operated by, or
6 that support—

7 “(A) qualified beginning farmers or ranch-
8 ers (as defined in section 343(a) of the Consoli-
9 dated Farm and Rural Development Act (7
10 U.S.C. 1991(a))) and socially disadvantaged
11 farmers or ranchers;

12 “(B) existing eligible producers, whether
13 owners or tenants, who use loan funds to con-
14 vert to agricultural production systems ap-
15 proved by the Secretary;

16 “(C) eligible producers who use loan funds
17 to build conservation structures or carry out
18 conservation practices;

19 “(D) eligible producers who will supply
20 fresh and locally produced food to underserved
21 communities; and

22 “(E) existing eligible producers of agri-
23 culture commodities who want to diversify farm,
24 ranch, or market garden production and in-
25 come.

1 “(5) LOAN TERMS FOR ELIGIBLE PRO-
2 DUCERS.—

3 “(A) IN GENERAL.—A loan made by an el-
4 igible lending entity to an eligible producer
5 under this subsection shall be in an amount
6 that is—

7 “(i) in the case of a local farm busi-
8 ness project, not less than \$5,000 and not
9 more than \$100,000; and

10 “(ii) in the case of a market garden
11 project, not less than \$3,000 and not more
12 than \$50,000.

13 “(B) TERM.—The term of a loan under
14 this subsection shall not exceed—

15 “(i) in the case of a loan in an
16 amount that is not more than \$35,000, 12
17 years from the date on which the loan is
18 finalized; and

19 “(ii) in the case of all other loans, 20
20 years from the date on which the loan is
21 finalized.

22 “(C) LOAN FINANCING TERMS.—In mak-
23 ing loans under this subsection, an eligible lend-
24 ing entity shall—

1 “(i) set the rate of interest at not
2 more than 3 percent per year;

3 “(ii) ensure that no payments are due
4 on the loan during the first 9 months of
5 the loan; and

6 “(iii) ensure that only interest is due
7 on the loan during the period beginning on
8 the last day of the period described in
9 clause (ii) and ending 24 months after the
10 issuance of the loan.

11 “(D) LOAN FORGIVENESS.—If an eligible
12 producer has received a loan under this section
13 to carry out a local farm business project or
14 market garden project, and after 3 years the
15 Secretary determines that the project is suc-
16 cessful, the Secretary may offer to forgive—

17 “(i) up to 10 percent of the out-
18 standing amount of the loan; and

19 “(ii) in the case of an eligible pro-
20 ducer supporting sustainable agriculture
21 practices, up to 20 percent of the out-
22 standing amount of the loan.

23 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
24 are authorized to be appropriated to the Secretary for
25 each of fiscal years 2014 through 2024—

1 “(1) \$20,000,000 to provide loans and grants
2 under subsection (b); and

3 “(2) \$1,000,000 for the administrative costs of
4 carrying out this section.”.

○