

106TH CONGRESS  
1ST SESSION

# H. R. 1983

To amend the Consolidated Farm and Rural Development Act to improve the agricultural credit programs of the Department of Agriculture, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 27, 1999

Mrs. CLAYTON (for herself, Mr. POMEROY, Mrs. THURMAN, Mr. ETHERIDGE, Mr. PASTOR, Mr. TOWNS, and Mr. BISHOP) introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To amend the Consolidated Farm and Rural Development Act to improve the agricultural credit programs of the Department of Agriculture, 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 “Agricultural Credit Act  
5 of 1999”.

6 **SEC. 2. DEFINITION OF DEBT FORGIVENESS.**

7 Section 343(a)(12)(B) of the Consolidated Farm and  
8 Rural Development Act (7 U.S.C. 1991(a)(12)(B)) is  
9 amended to read as follows:

1           “(B) EXCEPTIONS.—The term ‘debt for-  
2           giveness’ does not include—

3                   “(i) consolidation, rescheduling, re-  
4                   amortization, or deferral of a loan;

5                   “(ii) a write-down during the lifetime  
6                   of the borrower that is due to a financial  
7                   problem of the borrower relating to a nat-  
8                   ural disaster or a medical condition of the  
9                   borrower or an immediate family member  
10                  of the borrower (or, in the case of a bor-  
11                  rower that is an entity, a principal owner  
12                  of the borrower or an immediate family  
13                  member of such an owner); or

14                  “(iii) any write-down provided as a  
15                  part of a resolution of a discrimination  
16                  complaint against the Secretary.”.

17 **SEC. 3. LOAN ELIGIBILITY FOR BORROWERS WITH PRIOR**  
18 **DEBT FORGIVENESS.**

19           Section 373(b) of the Consolidated Farm and Rural  
20           Development Act (7 U.S.C. 2008h(b)) is amended to read  
21           as follows:

22                   “(b) LOANS PROHIBITED FOR CERTAIN BORROWERS  
23                   WHO HAVE RECEIVED DEBT FORGIVENESS.—

24                           “(1) IN GENERAL.—Except as provided in para-  
25                           graph (2), the Secretary may not make or guarantee

1 a loan under subtitle A or B to a borrower who, on  
2 more than 2 occasions, received debt forgiveness on  
3 a loan made or guaranteed under this title.

4 “(2) EXCEPTIONS.—The Secretary may make a  
5 direct or guaranteed farm operating loan for paying  
6 annual farm or ranch operating expenses of a bor-  
7 rower who—

8 “(A) was restructured with a write-down  
9 under section 353; or

10 “(B) is current on payments under a con-  
11 firmed reorganization plan under chapter 11,  
12 12, or 13 of title 11, United States Code.”.

13 **SEC. 4. MARGIN REQUIREMENTS.**

14 (a) ELIGIBILITY FOR FARMER PROGRAM LOAN  
15 GUARANTEES.—Section 339(b)(3) of the Consolidated  
16 Farm and Rural Development Act (7 U.S.C. 1989(b)(3))  
17 is amended by striking “, including expenses of replacing  
18 capital items (determined after taking into account depre-  
19 ciation of the items)”; and

20 (b) RESTRUCTURED LOAN VALUATION DETERMINA-  
21 TIONS.—Section 353(c)(3)(C) of such Act (7 U.S.C.  
22 2001(c)(3)(C)) is amended by striking “100 percent” and  
23 inserting “110 percent”.

1 **SEC. 5. ALLOCATION OF CERTAIN FUNDS FOR SOCIALLY**  
2 **DISADVANTAGED FARMERS AND RANCHERS.**

3 Section 355(c)(2) of the Consolidated Farm and  
4 Rural Development Act (7 U.S.C. 2003(c)(2)) is amended  
5 by striking “shall be reallocated within such State” and  
6 inserting “in the first 10 months of the fiscal year may  
7 be pooled and reallocated for use of socially disadvantaged  
8 farmers and ranchers in other States as determined by  
9 the Secretary, in excess of the funds otherwise allocated  
10 in accordance with this section”.

11 **SEC. 6. EXCEPTION TO TERM LIMITS ON OPERATING**  
12 **LOANS ONLY FOR DISASTERS OR EMER-**  
13 **GENCIES.**

14 (a) DIRECT OPERATING LOANS.—Section 311(c) of  
15 the Consolidated Farm and Rural Development Act (7  
16 U.S.C. 1941(c)) is amended—

17 (1) in paragraph (1)—

18 (A) by striking “Subject to paragraph (3),  
19 the” and inserting “The”;

20 (B) in subparagraph (B), by striking “or”;

21 (C) in subparagraph (C), by striking the  
22 period and inserting “; or”; and

23 (D) by adding at the end the following:

24 “(D) is operating in an area which, during  
25 the previous or current crop year—

1           “(i) the Secretary finds has been af-  
2           fected by a natural disaster in the United  
3           States or by a major disaster or emergency  
4           designated by the President under the Dis-  
5           aster Relief and Emergency Assistance  
6           Act; or

7           “(ii) has suffered from an economic  
8           emergency, as determined by the Sec-  
9           retary.”; and

10           (2) by striking paragraph (3).

11           (b) GUARANTEED OPERATING LOANS.—Section  
12 319(b)(2) of such Act (7 U.S.C. 1949(b)(2)) is amended  
13 to read as follows:

14           “(2) DISASTERS AND EMERGENCIES.—A farmer  
15           or rancher shall be eligible to receive a guaranteed  
16           operating loan under this subtitle if the borrower is  
17           operating in an area which, during the preceding or  
18           current crop year—

19           “(A) the Secretary finds has been affected  
20           by a natural disaster in the United States or by  
21           a major disaster or emergency designated by  
22           the President under the Disaster Relief and  
23           Emergency Assistance Act; or

24           “(B) has suffered from an economic emer-  
25           gency, as determined by the Secretary.”.

1 **SEC. 7. PERCENTAGE OF RECAPTURE FOR SHARED APPRE-**  
2 **CIATION ARRANGEMENT.**

3 (a) **IN GENERAL.**—Section 353(e)(3) of the Consoli-  
4 dated Farm and Rural Development Act (7 U.S.C.  
5 2001(e)(3)) is amended by striking “, and 50” and insert-  
6 ing “, 50 percent if the recapture occurs after 4 years  
7 and within 8 years after the restructuring, and 35”.

8 (b) **APPLICABILITY.**—The amendment made by sub-  
9 section (a) shall apply to shared appreciation arrange-  
10 ments with respect to which recapture has not occurred,  
11 regardless of whether the arrangements were entered into  
12 before, on, or after the date of the enactment of this Act.

13 **SEC. 8. TECHNICAL CORRECTION.**

14 Section 353 of the Consolidated Farm and Rural De-  
15 velopment Act (7 U.S.C. 2001) is amended—

16 (1) by striking subsection (m); and

17 (2) by redesignating subsections (n) and (o) as  
18 subsections (m) and (n), respectively.

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