To amend the Consolidated Farm and Rural Development Act to expand eligibility for Farm Service Agency loans.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 21, 2011

MRS. GILLIBRAND introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To amend the Consolidated Farm and Rural Development Act to expand eligibility for Farm Service Agency loans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Agricultural Credit Expansion Act”.

SEC. 2. ELIGIBILITY FOR FARM LOANS.

(a) FARM OWNERSHIP LOANS.—Section 302(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(a)) is amended—
(1) by striking “(a) IN GENERAL.—The” and inserting the following:

“(a) IN GENERAL.—

“(1) ELIGIBILITY REQUIREMENTS.—The’’;

(2) in paragraph (1) (as designated by paragraph (1))—

(A) in the first sentence, by striking “and limited liability companies” and inserting “limited liability companies, and such other legal entities that the Secretary determines to be appropriate,”; and

(B) in the second sentence—

(i) by striking “and limited liability companies” each place it appears and inserting “limited liability companies, and such other legal entities that the Secretary determines to be appropriate”;,

(ii) by striking “(1)” and inserting “(A)”;

(iii) by striking “(2)” and inserting “(B)”;

(iv) by striking “(3)” and inserting “(C)”;

(v) by striking “(4)” and inserting “(D)”;

...
(3) in the third sentence—

(A) by striking “and limited liability com-
panies” each place it appears and inserting
“limited liability companies, and such other
legal entities that the Secretary determines to
be appropriate”;

(B) by striking “(3)” and inserting “(C)”;
and

(C) by striking “(4)” and inserting “(D)”;
and

(4) by adding at the end the following:

“(2) SPECIAL RULES REGARDING DETERMINA-
TIONS.—

“(A) ELIGIBILITY OF CERTAIN OPER-
ATING-ONLY ENTITIES.—An entity that is, or
will become, only the operator of a family farm
shall be determined by the Secretary to meet
each owner-operator requirement described in
paragraph (1) if the 1 or more individuals who
are the owners of the family farm own—

“(i) a percentage of the family farm

that exceeds 50 percent; or

“(ii) such other percentage that the

Secretary determines to be appropriate.
“(B) Eligibility of certain embedded entities.—An entity that is an owner-operator described in paragraph (1), or an operator described in subparagraph (A), that is owned, in whole or in part, by 1 or more other entities, shall be determined by the Secretary to meet the direct ownership requirement described in paragraph (1) if not less than 75 percent of the ownership interests of each embedded entity of the entity is owned directly or indirectly by the 1 or more individuals who own the family farm.”.

(b) Conservation Loans.—Section 304(c)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924(c)(1)) is amended by striking “or limited liability companies” and inserting “limited liability companies, or such other legal entities that the Secretary determines to be appropriate,”.

(c) Farm Operating Loans.—Section 311(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(a)) is amended—

(1) by striking “(a) In General.—The” and inserting the following:

“(a) In General.—

“(1) Eligibility requirements.—The”;
(2) in paragraph (1) (as designated by paragraph (1))—

(A) in the first sentence, by striking “and limited liability companies” and inserting “limited liability companies, and such other legal entities that the Secretary determines to be appropriate,”; and

(B) in the second sentence—

(i) by striking “and limited liability companies” each place it appears and inserting “limited liability companies, and such other legal entities that the Secretary determines to be appropriate”;  

(ii) by striking “(1)” and inserting “(A)”;

(iii) by striking “(2)” and inserting “(B)”;

(iv) by striking “(3)” and inserting “(C)”; and

(v) by striking “(4)” and inserting “(D)”;

(3) in the third sentence—

(A) by striking “and limited liability companies” each place it appears and inserting “limited liability companies, and such other
legal entities that the Secretary determines to be appropriate’’;

(B) by striking ‘‘(3)’’ and inserting ‘‘(C)’’;

and

(C) by striking ‘‘(4)’’ and inserting ‘‘(D)’’;

and

(4) by adding at the end the following:

‘‘(2) Special rules regarding determinations.—An entity that is an operator described in paragraph (1) that is owned, in whole or in part, by 1 or more other entities, shall be determined by the Secretary to meet the direct ownership requirement described in paragraph (1) if not less than 75 percent of the ownership interests of each embedded entity of the entity is owned directly or indirectly by the 1 or more individuals who own the family farm.’’.

(d) Emergency Loans.—Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended—

(1) in the first sentence, in the matter preceding the proviso—

(A) by striking ‘‘owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose
under subtitle B’’ each place it appears and inser-
ting ‘‘(in the case of farm ownership loans in
accordance with subtitle A) owner-operators or
operators, or (in the case of loans for a purpose
under subtitle B) operators’’;

(B) by striking ‘‘or limited liability compa-
nies’’ the first place it appears and inserting
‘‘limited liability companies, or such other legal
entities that the Secretary determines to be ap-
propriate’’; and

(C) by striking ‘‘or limited liability compa-
nies’’ the second place it appears and inserting
‘‘limited liability companies, or such other legal
entities’’;

(2) in the second sentence of the proviso—

(A) by striking ‘‘and limited liability com-
panies’’ and inserting ‘‘limited liability compa-
nies, and such other legal entities’’; and

(B) by striking ‘‘ownership and operator’’
and inserting ‘‘ownership or operator’’; and

(3) by adding at the end the following: ‘‘An en-
tity that is an owner-operator or operator described
in this subsection shall be determined by the Sec-
retary to meet the direct ownership requirement de-
scribed in this subsection if the entity is owned, in
whole or in part, by 1 or more other entities and each individual who is an owner of the family farm involved has a direct or indirect ownership interest in each of the other entities.”.

(e) CONFORMING AMENDMENTS.—

(1) Section 304(c)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924(c)(2)) is amended by striking “paragraphs (1) and (2) of section 302(a)” and inserting “clauses (A) and (B) of section 302(a)(1)”.

(2) Section 310D(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1934(a)) is amended—

(A) in the first sentence, by striking “paragraphs (2) through (4) of section 302” and inserting “clauses (B) through (D) of section 302(a)(1)”; and

(B) in the second sentence—

(i) by striking “farm cooperative or private domestic corporation or partnership” and inserting “farm cooperative, private domestic corporation, partnership, or such other legal entity that the Secretary determines to be appropriate,”; and
(i) by striking “or partners” and inserting “partners, or owners”.

(3) Section 343(a)(11) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(11)) is amended—

(A) in subparagraph (C)—

(i) by striking “or joint operation” and inserting “joint operation, or such other legal entity that the Secretary determines to be appropriate”; and

(ii) by striking “or joint operators” and inserting “joint operators, or owners”; and

(B) in subparagraph (D)—

(i) in clause (i)(II)(aa)—

(I) by striking “or joint operation” and inserting “joint operation, or such other legal entity”; and

(II) by striking “or joint operators” and inserting “joint operators, or owners”; and

(ii) in clause (ii)(II)(aa)—

(I) by striking “or joint operation” and inserting “joint operation, or such other legal entity”; and
(II) by striking “or joint operators” and inserting “joint operators, or owners”.

(4) Section 359(c)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006a(c)(2)) is amended by striking “section 302(a)(2) or 311(a)(2)” and inserting “clause (B) of section 302(a)(1) or clause (B) of section 311(a)(1)”.

SEC. 3. PURPOSES OF CERTAIN DIRECT LOANS.

Section 303(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923(a)(1)) is amended—

(1) in subparagraph (D), by striking “or” at the end;

(2) in subparagraph (E)(ii), by striking the period at the end and inserting “; or”; and

(3) by adding at the end the following:

“(F) refinancing 1 or more loans made or guaranteed under this subtitle.”.

SEC. 4. REPEAL OF CERTAIN LOAN TERM LIMITS.

(a) DIRECT LOANS.—Section 311 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941) is amended by striking subsection (c).

(b) LIMITATION ON PERIOD BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.—Section 319 of the
Consolidated Farm and Rural Development Act (7 U.S.C. 1949) is amended—

(1) by striking “(a) GRADUATION PLAN.—The Secretary” and inserting “The Secretary”; and

(2) by striking subsection (b).