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113TH CONGRESS
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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

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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.

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 ''Growing Opportunities for Agriculture and Responding to Markets Act of 2013''.

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

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

"SEC. 10405. LOCAL FARM BUSINESS AND MARKET GARDEN COMPETITIVE LOAN PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) AGRICULTURAL COMMODITY.—The term 'agricultural commodity' has the meaning given the term in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602).

''(2) ELIGIBLE LENDING ENTITY.—The term 'eligible lending entity' means a government agency, nonprofit organization, or any other entity that the Secretary designates to finance and facilitate the development of a local farm business project or market garden project.

''(3) ELIGIBLE PRODUCER.—The term 'eligible producer' means an individual or group of individuals who carry out a local farm business project or market garden project.

''(4) FOOD DESERT.—The term 'food desert' has the meaning given the term in section 7527(a).

"(5) LOCAL FARM BUSINESS PROJECT.—The term 'local farm business project' means a project on a farm or ranch that—

"(A) is for the production of an agricultural commodity for local markets in the local service area; and

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

"(6) LOCAL SERVICE AREA.—The term 'local service area' means an area consisting of a certain mile radius (as determined by the Secretary) from the physical location of production by an eligible local farm business or market garden project.

"(7) MARKET GARDEN PROJECT.—The term 'market garden project' means a project that—

"(A) is for the production of an agricultural commodity for local markets in the local service area; and

"(B) is located on 1 or more property lots (regardless of the population density of the area in which the property lots are located), the cumulative acreage of which shall be more than ¼ acre.

"(8) REVOLVING LOAN FUND.—The term 'revolving loan fund' means a revolving loan fund established by an eligible lending entity as described in subsection (c).

"(9) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—The term 'socially disadvantaged farmer or rancher' has the meaning given the term in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)).

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

"(11) SUSTAINABLE AGRICULTURE.—The term 'sustainable agriculture' has the meaning given the term in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103).

"(b) COMPETITIVE LOAN PROGRAM FOR ELIGIBLE LENDING ENTITIES.—

"(1) IN GENERAL.—To support new entrepreneurship and job creation, the Secretary shall establish a local farm business and market garden competitive loan program under which the Secretary

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

"(A) eligible producers in establishing local farm business projects or market garden projects that will locally produce fresh foods; and

"(B) local farm business projects and market garden projects to create local employment opportunities by—

"(i) increasing farm and garden income by connecting producers and consumers;

"(ii) creating more reliable local food systems;

"(iii) diversifying food production;

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

"(v) supporting nutrition education that incorporates participation of school children in farm- and garden-based agricultural education activities; and

"(vi) preserving farmland.

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

"(3) SELECTION CRITERIA.—

"(A) APPROVAL.—Not later than 1 year after the date of enactment of this section and in accordance with this paragraph, the Secretary shall, on a competitive basis, begin assessing and approving such applications received under paragraph (2) as the Secretary considers appropriate.

"(B) CRITERIA.—In considering a loan application received under paragraph (2), the Secretary shall—

"(i) evaluate the extent to which the application demonstrates the ability of the eligible lending entity—

"(I) to manage, market, and administer a revolving loan fund;

"(II) to assist local eligible producers to successfully meet local service area opportunities;

"(III) to work with partners to provide technical support to eligible local farm business projects and market garden projects;

"(IV) to recruit, educate, and assist local producers to advance local farming and ranching opportunities that meet local service area needs; and

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

"(ii) assess—

"(I) the number and type of local farm business projects and market garden projects to be affected by local farm business project loan funding;

"(II) the number of new jobs and eligible local farm business projects and market garden projects to be created by the revolving loan fund;

"(III) the ability of an eligible local farm business project or market garden project—

"(aa) to preserve farmland through economically and environmentally sustainable agriculture practices (as determined by the Secretary); and

"(bb) to serve schools and institutions with a high proportion of students who are eligible for free or reduced price lunches under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.);

"(IV) the degree to which an eligible local farm business project or market garden project—

"(aa) incorporates experiential nutrition education;

"(bb) demonstrates the potential positive economic impact for the local economy;

"(cc) demonstrates environmentally sustainable agriculture practices; and

"(dd) demonstrates a collaboration between schools or educational institutions, nongovernmental organizations, producer groups, and other community and business partners; and

"(V) the market opportunity for eligible local farm business projects or market garden projects to sell products in the local community; and

"(iii) consider any other factors that the Secretary determines to be appropriate.

"(C) REGIONAL BALANCE.—To the maximum extent practicable, in awarding loans under this section, the Secretary shall ensure that loan recipients—

"(i) are geographically diverse;

"(ii) serve clients targeted by the loan program, including socially disadvantaged farmers or ranchers;

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

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

"(iv) identify and serve food deserts within the local service area.

"(D) PRIORITY.—

"(i) IN GENERAL.—In considering loan applications received under paragraph (2), the Secretary shall give priority to applications that demonstrate the ability and willingness of the eligible lending entity—

"(I) to serve clients targeted by the program, including, as appropriate, socially disadvantaged farmers or ranchers;

"(II) to assist with the financial management aspects of specialty crop farming and other types of local agricultural projects; and

"(III) to address the nutritional needs of an underserved area, as determined in accordance with clause (ii).

"(ii) UNDERSERVED AREAS.—In determining whether an area is an underserved area, the Secretary shall consider—

"(I) population density;

"(II) below-average supermarket density or sales;

"(III) the rate of ownership of motor vehicles; and

"(IV) geographical or physical barriers, such as highways, mountains, major parks, or bodies of water.

"(4) LOAN TERMS FOR ELIGIBLE LENDING ENTITIES.—

"(A) IN GENERAL.—For each fiscal year for which the Secretary makes a loan to an eligible lending entity under this subsection, the loan shall—

"(i) be in an amount that is not less than $200,000 and not more than $1,000,000; and

"(ii) be used by the eligible lending entity to establish a revolving loan fund to provide loans for local farm business projects or market garden projects.

"(B) TERM.—The term of a loan under this subsection shall not exceed 20 years from the date on which the loan is finalized.

"(C) LOAN FINANCING TERMS.—In making loans to eligible lending entities under this subsection, the Secretary shall—

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

"(ii) ensure that no payments are due on the loan during the first 2 years of the loan.

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

"(6) ADMINISTRATIVE EXPENSES.—

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

"(i) 10 percent of the total amount of the loan received by the eligible lending entity; or

"(ii) $50,000.

"(B) USE OF GRANT FUNDS.—Grant funds received under subparagraph (A) may be used by the eligible lending entity only to pay management and technical support costs associated with the loan.

"(C) INTEREST RATE.—If an eligible lending entity receives a grant under subparagraph (A), the eligible lending entity may not set the interest rate of loans made by the eligible lending entity to local farm business projects or market garden projects at more than 3 percent per year.

"(7) PROGRESS REPORTS.—

"(A) IN GENERAL.—Not later than 90 days after the last day of each fiscal year, each eligible lending entity that has a loan under this subsection shall submit to the Secretary a report that includes—

"(i) an evaluation of the progress of the revolving loan fund carried out by the eligible lending entity;

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

"(iii) a status update for the local farm business projects and market garden projects funded by the revolving loan fund that describes—

"(I) the amount of food produced;

"(II) the amount of revenue generated; and

"(III) the number of new and retained jobs; and

"(iv) such other information as the Secretary may require.

"(B) REPORTS BY THE SECRETARY.—Not later than 3 years after the date of enactment of this section, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results and findings of the loan program carried out under this subsection.

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

"(A) to assess the financial soundness of the eligible lending entity; and

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

"(c) REVOLVING LOAN FUND.—

"(1) ESTABLISHMENT AND PURPOSE.—Each eligible lending entity that receives a loan under subsection (b) shall use the funds to establish a revolving loan fund to provide loans to eligible producers in the local service area.

"(2) ELIGIBLE ACTIVITIES.—Loans made by an eligible lending entity under this subsection shall be used by the eligible producer to carry out eligible activities in the local service area, including—

"(A) to carry out production projects for value-added food products;

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

"(C) to purchase project-related equipment;

"(D) to purchase seeds, plants, and fruit or nut trees;

"(E) to purchase livestock, poultry, and breeding stock;

"(F) to construct and maintain irrigation systems;

"(G) to construct buildings (including barns, sheds, greenhouses, and dry and cold storage sheds) necessary to support production;

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

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

"(3) LOAN CONDITIONS.—

"(A) IN GENERAL.—To be eligible to receive a loan under this section from an eligible lending entity, an eligible producer shall—

"(i) supply a minimum level of support of the cost of the local farm business project, market garden project, or institution costs, as determined by the Secretary; and

"(ii) submit to the eligible lending entity—

"(I) documentation of, as appropriate—

"(aa) a long-term land lease contract granting the right to perform local production agriculture;

"(bb) a building lease; or

"(cc) a deed of property ownership; and

"(II) a conservation plan and a sound business plan that is likely to result in a profitable business with sustainable employment for the eligible producer and any employees.

"(B) SECRETARIAL APPROVAL; GUARANTEE.—

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

"(ii) LOAN GUARANTEE.—The Secretary shall guarantee not more than 85

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

"(4) PRIORITY.—In making loans under this subsection, the eligible lending entity shall give priority to eligible producers that are operated by, or that support—

"(A) qualified beginning farmers or ranchers (as defined in section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a))) and socially disadvantaged farmers or ranchers;

"(B) existing eligible producers, whether owners or tenants, who use loan funds to convert to agricultural production systems approved by the Secretary;

"(C) eligible producers who use loan funds to build conservation structures or carry out conservation practices;

"(D) eligible producers who will supply fresh and locally produced food to underserved communities; and

"(E) existing eligible producers of agriculture commodities who want to diversify farm, ranch, or market garden production and income.

"(5) LOAN TERMS FOR ELIGIBLE PRODUCERS.—

"(A) IN GENERAL.—A loan made by an eligible lending entity to an eligible producer under this subsection shall be in an amount that is—

"(i) in the case of a local farm business project, not less than $5,000 and not more than $100,000; and

"(ii) in the case of a market garden project, not less than $3,000 and not more than $50,000.

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

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

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

"(C) LOAN FINANCING TERMS.—In making loans under this subsection, an eligible lending entity shall—

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

"(ii) ensure that no payments are due on the loan during the first 9 months of the loan; and

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

"(D) LOAN FORGIVENESS.—If an eligible producer has received a loan under this section to carry out a local farm business project or market garden project, and after 3 years the Secretary determines that the project is successful, the Secretary may offer to forgive—

"(i) up to 10 percent of the outstanding amount of the loan; and

"(ii) in the case of an eligible producer supporting sustainable agriculture practices, up to 20 percent of the outstanding amount of the loan.

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

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

"(2) $1,000,000 for the administrative costs of carrying out this section.".

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