

103^D CONGRESS
1ST SESSION

H. R. 2211

To amend the Consolidated Farm and Rural Development Act to provide greater access to credit for family farmers who grow specialty crops or operate in high land cost areas, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 1993

Mr. DOOLEY (for himself and Mr. POMBO) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Consolidated Farm and Rural Development Act to provide greater access to credit for family farmers who grow specialty crops or operate in high land cost areas, 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
5 Equity Act of 1993”.

1 **SEC. 2. INDEXATION OF GUARANTEED LOAN LIMITS IN**
2 **COUNTIES WITH ABOVE AVERAGE LAND**
3 **COSTS.**

4 (a) GUARANTEED REAL ESTATE LOANS.—Section
5 305 of the Consolidated Farm and Rural Development Act
6 (7 U.S.C. 1925) is amended—

7 (1) by inserting “(a)” before “The Secretary
8 shall make”;

9 (2) by inserting “multiplied by the adjustment
10 factor calculated under subsection (b) for the area in
11 which the borrower is located” after “\$300,000”;
12 and

13 (3) by adding at the end the following:

14 “(b)(1) Upon the enactment of this subsection, and
15 not later than the date any Census of Agriculture is com-
16 pleted, the Secretary shall calculate—

17 “(A) the average value of land and buildings in
18 each defined area in the United States; and

19 “(B) the adjustment factor for each such area
20 in accordance with paragraph (2).

21 “(2) The adjustment factor for any defined area shall
22 be 1.00, plus an amount that is directly proportional to
23 the percentage (if any) by which the average value of land
24 and buildings in the defined area exceeds the average
25 value of land and buildings in the United States. The Sec-

1 retary shall determine the proportion to be used in cal-
2 culating adjustment factors under this subsection.

3 “(3) As used in paragraph (1), the term ‘defined
4 area’ means—

5 “(A) a county; and

6 “(B) any other area if the Secretary deems it
7 appropriate to calculate a separate adjustment fac-
8 tor for the area to better serve the credit needs of
9 family farms in the area.”.

10 (b) GUARANTEED OPERATING LOANS.—Section 313
11 of such Act (7 U.S.C. 1943) is amended—

12 (1) by inserting “(a)” before “The Secretary
13 shall make”;

14 (2) by inserting “multiplied by the adjustment
15 factor calculated under subsection (b) for the area in
16 which the borrower is located” after “\$400,000”;
17 and

18 (3) by adding at the end the following:

19 “(b)(1) Upon the enactment of this subsection, and
20 not later than the date any Census of Agriculture is com-
21 pleted, the Secretary shall calculate—

22 “(A) the average value of land and buildings in
23 each defined area in the United States; and

24 “(B) the adjustment factor for each such area
25 in accordance with paragraph (2).

1 “(2) The adjustment factor for any defined area shall
2 be 1.00, plus an amount that is directly proportional to
3 the percentage (if any) by which the average value of land
4 and buildings in the defined area exceeds the average
5 value of land and buildings in the United States. The Sec-
6 retary shall determine the proportion to be used in cal-
7 culating adjustment factors under this subsection.

8 “(3) As used in paragraph (1), the term ‘defined
9 area’ means—

10 “(A) a county; and

11 “(B) any other area if the Secretary deems it
12 appropriate to calculate a separate adjustment fac-
13 tor for the area to better serve the credit needs of
14 family farms in the area.”.

15 (c) ELIMINATION OF CEILING ON PRICE OF PROP-
16 erty WHICH MAY BE ACQUIRED UNDER THE DOWN
17 PAYMENT LOAN PROGRAM.—Section 310E of such Act (7
18 U.S.C. 1935) is amended—

19 (1) in subsection (b)(1), by inserting “the lesser
20 of \$75,000, or” before “30”; and

21 (2) in subsection (c), by striking paragraph (2)
22 and redesignating paragraph (3) as paragraph (2).

1 **SEC. 3. HIRED LABOR LIMITS.**

2 (a) REAL ESTATE LOANS.—Section 302 of the Con-
3 solidated Farm and Rural Development Act (7 U.S.C.
4 1922) is amended by adding at the end the following:

5 “(c)(1) The primary factor to be considered in deter-
6 mining whether an applicant for a loan under this subtitle
7 is engaged primarily and directly in farming or ranching
8 shall be whether the applicant is participating in routine,
9 ongoing farm activities, and in overall decisionmaking with
10 regard to the farm or ranch.

11 “(2) The Secretary may not deny a loan under this
12 subtitle solely because more than 2 individuals are em-
13 ployed full-time in the farming operation for which the
14 loan is sought.”.

15 (b) OPERATING LOANS.—Section 311 of such Act (7
16 U.S.C. 1941) is amended by adding at the end the follow-
17 ing:

18 “(d)(1) The primary factor to be considered in deter-
19 mining whether an applicant for a loan under this subtitle
20 is engaged primarily and directly in farming or ranching
21 shall be whether the applicant is participating in routine,
22 ongoing farm activities, and in overall decisionmaking with
23 regard to the farm or ranch.

24 “(2) The Secretary may not deny a loan under this
25 subtitle solely because more than 2 individuals are em-

1 played full-time in the farming operation for which the
2 loan is sought.”.

3 (c) EMERGENCY LOANS.—Section 321 of such Act (7
4 U.S.C. 1961) is amended by adding at the end the follow-
5 ing:

6 “(e)(1) The primary factor to be considered in deter-
7 mining whether an applicant for a loan under this subtitle
8 is engaged primarily and directly in farming or ranching
9 shall be whether the applicant is participating in routine,
10 ongoing farm activities, and in overall decisionmaking with
11 regard to the farm or ranch.

12 “(2) The Secretary may not deny a loan under this
13 subtitle solely because more than 2 individuals are em-
14 ployed full-time in the farming operation for which the
15 loan is sought.”.

16 **SEC. 4. AVAILABILITY OF CREDIT ELSEWHERE.**

17 Sections 302(a)(4) and 311(a)(4) of the Consolidated
18 Farm and Rural Development Act (7 U.S.C. 1922(a)(4)
19 and 1941(a)(4)) are each amended by inserting “and the
20 availability of conventional sources of funds for lending to
21 agricultural producers in the community” before the pe-
22 riod.

23 **SEC. 5. GROWER-SHIPPER AGREEMENTS.**

24 (a) REAL ESTATE LOANS.—Section 302 of the Con-
25 solidated Farm and Rural Development Act (7 U.S.C.

1 1922) is amended by adding after the subsection added
2 by section 3(a) of this Act the following:

3 “(d) This section shall not be construed to prohibit
4 the Secretary from making a loan under this subtitle to
5 an applicant therefor who has entered into an agreement
6 with a shipper of perishable commodities under which the
7 applicant and the shipper share in the proceeds of the sale
8 of an agricultural commodity if—

9 “(1) in the absence of such an agreement, the
10 applicant could not easily market the agricultural
11 commodity, or could not market the agricultural
12 commodity without incurring significant additional
13 risk; and

14 “(2) the agreement is clearly beneficial to the
15 applicant.”.

16 (b) OPERATING LOANS.—Section 311 of such Act (7
17 U.S.C. 1941) is amended by adding after the subsection
18 added by section 3(b) of this Act the following:

19 “(e) This section shall not be construed to prohibit
20 the Secretary from making a loan under this subtitle to
21 an applicant therefor who has entered into an agreement
22 with a shipper of perishable commodities under which the
23 applicant and the shipper share in the proceeds of the sale
24 of an agricultural commodity if—

1 “(1) in the absence of such an agreement, the
2 applicant could not easily market the agricultural
3 commodity, or could not market the agricultural
4 commodity without incurring significant additional
5 risk; and

6 “(2) the agreement is clearly beneficial to the
7 applicant.”.

8 (c) EMERGENCY LOANS.—Section 321 of such Act (7
9 U.S.C. 1961) is amended by adding after the subsection
10 added by section 3(c) of this Act the following:

11 “(f) This section shall not be construed to prohibit
12 the Secretary from making a loan under this subtitle to
13 an applicant therefor who has entered into an agreement
14 with a shipper of perishable commodities under which the
15 applicant and the shipper share in the proceeds of the sale
16 of an agricultural commodity if—

17 “(1) in the absence of such an agreement, the
18 applicant could not easily market the agricultural
19 commodity, or could not market the agricultural
20 commodity without incurring significant additional
21 risk; and

22 “(2) the agreement is clearly beneficial to the
23 applicant.”.

1 **SEC. 6. ELIGIBILITY FOR EMERGENCY LOANS.**

2 Section 321(a)(2)(B) of the Consolidated Farm and
3 Rural Development Act (7 U.S.C. 1922(a)(2)(B)) is
4 amended by inserting “or, in the case of holders of the
5 entire interest who are related by blood or marriage and
6 all of whom are or will become farm operators, the owner-
7 ship interest of each such holder separately constitutes not
8 larger than a family farm, even if their interests collec-
9 tively constitute larger than a family farm, as defined by
10 the Secretary” after “operator of not larger than a family
11 farm”.

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