

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> 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 ployed 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”.

○