

116TH CONGRESS
2D SESSION

S. 3602

To provide loan forgiveness for certain borrowers of Department of
Agriculture direct farm loans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 5, 2020

Mrs. GILLIBRAND (for herself, Mr. MERKLEY, Mr. BOOKER, and Mr. WYDEN)
introduced the following bill; which was read twice and referred to the
Committee on Finance

A BILL

To provide loan forgiveness for certain borrowers of Depart-
ment of Agriculture direct farm loans, 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 “Relief for America’s
5 Small Farmers Act”.

6 **SEC. 2. DIRECT FARM LOAN FORGIVENESS.**

7 (a) DEFINITIONS.—In this section:

8 (1) ELIGIBLE BORROWER.—The term “eligible
9 borrower” means a borrower of an eligible loan that

1 is actively engaged in farming (within the meaning
2 of section 1001A of the Food Security Act of 1985
3 (7 U.S.C. 1308–1)) with respect to a farming oper-
4 ation—

5 (A) for which the eligible loan was made;

6 and

7 (B) the average annual adjusted gross in-
8 come for the previous 5-year period of which is
9 not more than \$300,000.

10 (2) ELIGIBLE LOAN.—The term “eligible loan”
11 means a loan made before March 19, 2020, that
12 is—

13 (A) a direct farm ownership loan under
14 subtitle A of the Consolidated Farm and Rural
15 Development Act (7 U.S.C. 1922 et seq.);

16 (B) a direct operating loan under subtitle
17 B of the Consolidated Farm and Rural Devel-
18 opment Act (7 U.S.C. 1941 et seq.); or

19 (C) an emergency loan under subtitle C of
20 the Consolidated Farm and Rural Development
21 Act (7 U.S.C. 1961 et seq.).

22 (3) SECRETARY.—The term “Secretary” means
23 the Secretary of Agriculture.

24 (b) LOAN FORGIVENESS.—

1 (1) IN GENERAL.—Not later than 1 year after
2 the date on which the Secretary receives an applica-
3 tion under paragraph (2), subject to paragraphs (3)
4 and (4), the Secretary shall cancel the obligation to
5 repay the balance of principal and interest due as of
6 the date of enactment of this Act on an eligible loan
7 for the eligible borrower.

8 (2) APPLICATIONS.—To be eligible for cancella-
9 tion under paragraph (1), not later than 1 year after
10 the date of enactment of this Act, an eligible bor-
11 rower shall submit to the Secretary an application,
12 which shall cover all eligible loans for which the eli-
13 gible borrower is seeking cancellation.

14 (3) LIMITATIONS.—The total amount cancelled
15 under paragraph (1) with respect to a farming oper-
16 ation shall be not more than \$250,000.

17 (4) CONDITION.—The cancellation of an obliga-
18 tion under paragraph (1) shall be subject to the con-
19 dition that the applicable eligible borrower shall con-
20 tinue to be actively engaged in farming (within the
21 meaning of section 1001A of the Food Security Act
22 of 1985 (7 U.S.C. 1308–1)) for the 2-year period
23 beginning on the date on which the Secretary can-
24 cels the obligation under that paragraph.

1 (c) EFFECT.—An eligible borrower that receives can-
2 cellation of an obligation with respect to an eligible loan
3 under subsection (b)(1) shall not be determined to be ineli-
4 gible for any loan under subtitle A, B, or C of the Consoli-
5 dated Farm and Rural Development Act (7 U.S.C. 1922
6 et seq.) because of that cancellation.

7 (d) TAXABILITY.—For purposes of the Internal Rev-
8 enue Code of 1986, any amount which (but for this sub-
9 section) would be includible in gross income of the eligible
10 borrower by reason of forgiveness described in subsection
11 (b) shall be excluded from gross income.

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