

111TH CONGRESS  
2D SESSION

# S. 3808

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

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 21, 2010

Mrs. GILLIBRAND 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 Consolidated Farm and Rural Development Act to expand eligibility for Farm Service Agency loans.

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 “Farm Credit Expan-  
5       sion Act”.

6       **SEC. 2. ELIGIBILITY FOR FARM LOANS.**

7       (a) FARM OWNERSHIP LOANS.—Section 302(a) of  
8       the Consolidated Farm and Rural Development Act (7  
9       U.S.C. 1922(a)) is amended—

1 (1) by striking “(a) IN GENERAL.—The” and  
 2 inserting the following:

3 “(a) IN GENERAL.—

4 “(1) ELIGIBILITY REQUIREMENTS.—The”;

5 (2) in paragraph (1) (as designated by para-  
 6 graph (1))—

7 (A) in the first sentence, by striking “and  
 8 limited liability companies” and inserting “lim-  
 9 ited liability companies, and such other legal  
 10 entities that the Secretary determines to be ap-  
 11 propriate,”; and

12 (B) in the second sentence—

13 (i) by striking “and limited liability  
 14 companies” each place it appears and in-  
 15 serting “limited liability companies, and  
 16 such other legal entities that the Secretary  
 17 determines to be appropriate”;

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

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

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

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

1 (3) in the third sentence—

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

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

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

11 (4) by adding at the end the following:

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

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

21 “(i) a percentage of the family farm  
22 that exceeds 50 percent; or

23 “(ii) such other percentage that the  
24 Secretary determines to be appropriate.

1                   “(B) ELIGIBILITY OF CERTAIN EMBEDDED  
 2                   ENTITIES.—An entity that is an owner-operator  
 3                   described in paragraph (1), or an operator de-  
 4                   scribed in subparagraph (A), that is owned, in  
 5                   whole or in part, by 1 or more other entities,  
 6                   shall be determined by the Secretary to meet  
 7                   the direct ownership requirement described in  
 8                   paragraph (1) if not less than 75 percent of the  
 9                   ownership interests of each embedded entity of  
 10                  the entity is owned directly or indirectly by the  
 11                  1 or more individuals who own the family  
 12                  farm.”.

13           (b) CONSERVATION LOANS.—Section 304(c)(1) of  
 14 the Consolidated Farm and Rural Development Act (7  
 15 U.S.C. 1924(c)(1)) is amended by striking “or limited li-  
 16 ability companies” and inserting “limited liability compa-  
 17 nies, or such other legal entities that the Secretary deter-  
 18 mines to be appropriate,”.

19           (c) FARM OPERATING LOANS.—Section 311(a) of the  
 20 Consolidated Farm and Rural Development Act (7 U.S.C.  
 21 1941(a)) is amended—

22                   (1) by striking “(a) IN GENERAL.—The” and  
 23                   inserting the following:

24                   “(a) IN GENERAL.—

25                   “(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 companies” each place it appears and inserting “limited liability companies, and such other

1 legal entities that the Secretary determines to  
 2 be appropriate”;

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

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

7 (4) by adding at the end the following:

8 “(2) SPECIAL RULES REGARDING DETERMINA-  
 9 TIONS.—An entity that is an operator described in  
 10 paragraph (1) that is owned, in whole or in part, by  
 11 1 or more other entities, shall be determined by the  
 12 Secretary to meet the direct ownership requirement  
 13 described in paragraph (1) if not less than 75 per-  
 14 cent of the ownership interests of each embedded en-  
 15 tity of the entity is owned directly or indirectly by  
 16 the 1 or more individuals who own the family  
 17 farm.”.

18 (d) EMERGENCY LOANS.—Section 321(a) of the Con-  
 19 solidated Farm and Rural Development Act (7 U.S.C.  
 20 1961(a)) is amended—

21 (1) in the first sentence, in the matter pre-  
 22 ceding the proviso—

23 (A) by striking “owner-operators (in the  
 24 case of loans for a purpose under subtitle A) or  
 25 operators (in the case of loans for a purpose

1 under subtitle B)” each place it appears and in-  
 2 serting “(in the case of farm ownership loans in  
 3 accordance with subtitle A) owner-operators or  
 4 operators, or (in the case of loans for a purpose  
 5 under subtitle B) operators”;

6 (B) by striking “or limited liability compa-  
 7 nies” the first place it appears and inserting  
 8 “limited liability companies, or such other legal  
 9 entities that the Secretary determines to be ap-  
 10 propriate”; and

11 (C) by striking “or limited liability compa-  
 12 nies” the second place it appears and inserting  
 13 “limited liability companies, or such other legal  
 14 entities”;

15 (2) in the second sentence of the proviso—

16 (A) by striking “and limited liability com-  
 17 panies” and inserting “limited liability compa-  
 18 nies, and such other legal entities”; and

19 (B) by striking “ownership and operator”  
 20 and inserting “ownership or operator”; and

21 (3) by adding at the end the following: “An en-  
 22 tity that is an owner-operator or operator described  
 23 in this subsection shall be determined by the Sec-  
 24 retary to meet the direct ownership requirement de-  
 25 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



1 (ii) by striking “or partners” and in-  
 2 serting “partners, or owners”.

3 (3) Section 343(a)(11) of the Consolidated  
 4 Farm and Rural Development Act (7 U.S.C.  
 5 1991(a)(11)) is amended—

6 (A) in subparagraph (C)—

7 (i) by striking “or joint operation”  
 8 and inserting “joint operation, or such  
 9 other legal entity that the Secretary deter-  
 10 mines to be appropriate”; and

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

14 (B) in subparagraph (D)—

15 (i) in clause (i)(II)(aa)—

16 (I) by striking “or joint oper-  
 17 ation” and inserting “joint operation,  
 18 or such other legal entity”; and

19 (II) by striking “or joint opera-  
 20 tors” and inserting “joint operators,  
 21 or owners”; and

22 (ii) in clause (ii)(II)(aa)—

23 (I) by striking “or joint oper-  
 24 ation” and inserting “joint operation,  
 25 or such other legal entity”; and

1 (II) by striking “or joint opera-  
2 tors” and inserting “joint operators,  
3 or owners”.

4 (4) Section 359(c)(2) of the Consolidated Farm  
5 and Rural Development Act (7 U.S.C. 2006a(c)(2))  
6 is amended by striking “section 302(a)(2) or  
7 311(a)(2)” and inserting “clause (B) of section  
8 302(a)(1) or clause (B) of section 311(a)(1)”.

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