

112TH CONGRESS  
1ST SESSION

# H. R. 874

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

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IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 2011

Mr. OWENS (for himself, Mr. COURTNEY, and Mr. HANNA) introduced the following bill; which was referred to the Committee on Agriculture

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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 “Agricultural Credit Ex-  
5 pansion 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 the 1st sentence, by inserting after “lim-  
6 ited liability companies” the following: “, and such  
7 other legal entities as the Secretary deems appro-  
8 priate,”;

9                 (3) in the 2nd sentence, by redesignating  
10 clauses (1) through (4) as clauses (A) through (D),  
11 respectively;

12                 (4) in each of the 2nd and 3rd sentences, by  
13 striking “and limited liability companies” each place  
14 it appears and inserting “limited liability companies,  
15 and such other legal entities”; and

16                 (5) by adding at the end the following:

17                 “(2) SPECIAL DEEMING RULES.—

18                         “(A) ELIGIBILITY OF CERTAIN OPER-  
19 ATING-ONLY ENTITIES.—An entity that is or  
20 will become only the operator of a family farm  
21 is deemed to meet the owner-operator require-  
22 ments of paragraph (1) if the individuals that  
23 are the owners of the family farm own more  
24 than 50 percent (or such other percentage as

1 the Secretary determines is appropriate) of the  
2 entity.

3 “(B) ELIGIBILITY OF CERTAIN EMBEDDED  
4 ENTITIES.—An entity that is an owner-operator  
5 described in paragraph (1), or an operator de-  
6 scribed in subparagraph (A) of this paragraph  
7 that is owned, in whole or in part, by other en-  
8 tities, is deemed to meet the direct ownership  
9 requirement imposed under paragraph (1) if at  
10 least 75 percent of the ownership interests of  
11 each embedded entity of such entity is owned  
12 directly or indirectly by the individuals that own  
13 the family farm.”.

14 (b) CONSERVATION LOANS.—Section 304(c) of such  
15 Act (7 U.S.C. 1924(c)) is amended by inserting after “lim-  
16 ited liability companies” the following: “, or such other  
17 legal entities as the Secretary deems appropriate,”.

18 (c) FARM OPERATING LOANS.—Section 311(a) of  
19 such Act (7 U.S.C. 1941(a)) is amended—

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

22 “(a) IN GENERAL.—

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

24 (2) in the 1st sentence, by inserting after “lim-  
25 ited liability companies” the following: “, and such

1 other legal entities as the Secretary deems appro-  
2 priate,”;

3 (3) in the 2nd sentence, by redesignating  
4 clauses (1) through (4) as clauses (A) through (D),  
5 respectively;

6 (4) in each of the 2nd and 3rd sentences, by  
7 striking “and limited liability companies” each place  
8 it appears and inserting “limited liability companies,  
9 and such other legal entities”; and

10 (5) by adding at the end the following:

11 “(2) SPECIAL DEEMING RULE.—An entity that  
12 is an operator described in paragraph (1) that is  
13 owned, in whole or in part, by other entities, is  
14 deemed to meet the direct ownership requirement  
15 imposed under paragraph (1) if at least 75 percent  
16 of the ownership interests of each embedded entity  
17 of such entity is owned directly or indirectly by the  
18 individuals that own the family farm.”.

19 (d) EMERGENCY LOANS.—Section 321(a) of such Act  
20 (7 U.S.C. 1961(a)) is amended—

21 (1) by striking “owner-operators (in the case of  
22 loans for a purpose under subtitle A) or operators  
23 (in the case of loans for a purpose under subtitle  
24 B)” each place it appears and inserting “(in the  
25 case of farm ownership loans in accordance with

1 subtitle A) owner-operators or operators, or (in the  
2 case of loans for a purpose under subtitle B) opera-  
3 tors”;

4 (2) by inserting after “limited liability compa-  
5 nies” the 1st place it appears the following: “, or  
6 such other legal entities as the Secretary deems ap-  
7 propriate”; and

8 (3) by inserting after “limited liability compa-  
9 nies” the 2nd place it appears the following: “, or  
10 other legal entities”;

11 (4) by striking “and limited liability compa-  
12 nies,” and inserting “limited liability companies, and  
13 such other legal entities”;

14 (5) by striking “ownership and operator” and  
15 inserting “ownership or operator”; and

16 (6) by adding at the end the following: “An en-  
17 tity that is an owner-operator or operator described  
18 in this subsection is deemed to meet the direct own-  
19 ership requirement imposed under this subsection if  
20 the entity is owned, in whole or in part, by other en-  
21 tities and each individual that is an owner of the  
22 family farm involved has a direct or indirect owner-  
23 ship interest in each of the other entities.”.

24 (e) CONFORMING AMENDMENTS.—

1           (1) Section 304(c)(2) of such Act (7 U.S.C.  
2           1924(c)(2)) by striking “paragraphs (1) and (2) of  
3           section 302(a)” and inserting “subparagraphs (A)  
4           and (B) of section 302(a)(1)”.

5           (2) Section 310D of such Act (7 U.S.C. 1934)  
6           is amended—

7                   (A) by inserting after “partnership” the  
8                   following: “, or such other legal entities as the  
9                   Secretary deems appropriate,”; and

10                   (B) by inserting after “partners” the fol-  
11                   lowing: “, or owners,”.

12           (3) Section 343(a)(11) of such Act (7 U.S.C.  
13           1991(a)(11)) is amended—

14                   (A) by inserting after “joint operation,”  
15                   the 1st place it appears the following: “or such  
16                   other legal entity as the Secretary deems appro-  
17                   priate,”;

18                   (B) by striking “or joint operators” each  
19                   place it appears and inserting “joint operators,  
20                   or owners”; and

21                   (C) by inserting after “joint operation,”  
22                   each other place it appears the following: “or  
23                   such other legal entity,”.

24           (4) Section 359(b)(2) of such Act (7 U.S.C.  
25           2006a(b)(2)) is amended by striking “section

1       302(a)(2) or 311(a)(2)” and inserting “section  
2       302(a)(1)(B) or 311(a)(1)(B)”.

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