

114TH CONGRESS  
2D SESSION

# H. R. 5857

To improve the ability of beginning farmers in the United States to acquire farms and participate in agricultural production, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 14, 2016

Mr. SEAN PATRICK MALONEY of New York introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committees on Ways and Means, and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To improve the ability of beginning farmers in the United States to acquire farms and participate in agricultural production, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Beginning Farmers Agenda Act of 2016”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

## TITLE I—IMPROVED ACCESS TO LAND

- Sec. 101. Land trust eligibility for assistance for agricultural land easements.
- Sec. 102. Priority for option to purchase at agricultural value in agricultural land easements.
- Sec. 103. Exclusion of gain from sale of farm or ranch to a qualified agricultural purchaser.
- Sec. 104. Prequalification of prospective applicants for credit from Farm Service Agency programs.
- Sec. 105. Increase in limitation on amount of direct farm ownership loans; inflation indexation of limit.
- Sec. 106. Minimum funding percentage for agricultural land easements and wetland reserve easements.
- Sec. 107. Report on agricultural conservation easement program.

## TITLE II—IMPROVED ACCESS TO DEPARTMENT OF AGRICULTURE TRAINING AND PROGRAMS

- Sec. 201. Beginning farmer coordination.
- Sec. 202. Transfer of Advisory Committee on Beginning Farmers and Ranchers to jurisdiction of Farm Service Agency.
- Sec. 203. Department of Agriculture on-line customer self-service portal.
- Sec. 204. Extension of beginning farmer and rancher development program to provide training, education, outreach, and technical assistance initiatives.
- Sec. 205. Mandatory funding for beginning farmer and rancher individual development accounts pilot program.
- Sec. 206. Sale of surplus farm equipment or property to socially disadvantaged farmers or ranchers, veteran farmers or ranchers, and beginning farmers or ranchers.

## TITLE III—INVESTMENT IN LOCAL AND REGIONAL FOOD SYSTEMS

- Sec. 301. Mandatory funding for farmers' market and local food promotion program.
- Sec. 302. Grants to support farm viability programs.

1 **TITLE I—IMPROVED ACCESS TO**  
 2 **LAND**

3 **SEC. 101. LAND TRUST ELIGIBILITY FOR ASSISTANCE FOR**  
 4 **AGRICULTURAL LAND EASEMENTS.**

5 (a) LAND TRUSTS.—Section 1265B of the Food Se-  
 6 curity Act of 1985 (16 U.S.C. 3865b) is amended by add-  
 7 ing at the end the following:

8 “(e) LAND TRUSTS.—

1           “(1) ELIGIBILITY FOR ASSISTANCE.—Notwith-  
2 standing section 1001D(b), an eligible entity that is  
3 a qualified land trust, as determined by the Sec-  
4 retary, may receive assistance under this section.

5           “(2) ASSISTANCE FOR RESERVATION OF EASE-  
6 MENT.—The Secretary may provide assistance to an  
7 eligible entity that is a qualified land trust to sup-  
8 plement the sale price of eligible land to a farmer or  
9 rancher, who is not ineligible to receive assistance  
10 under section 1001D, if the eligible entity that is a  
11 qualified land trust reserves for itself an agricultural  
12 land easement in the eligible land.”.

13           (b)           CONFORMING           AMENDMENT.—Section  
14 1001D(b)(1) of the Food Security Act of 1985 (7 U.S.C.  
15 1308–3a(b)(1)) is amended by striking “Notwith-  
16 standing” and inserting “Except as provided in section  
17 1265B(e), notwithstanding”.

18 **SEC. 102. PRIORITY FOR OPTION TO PURCHASE AT AGRI-**  
19 **CULTURAL VALUE IN AGRICULTURAL LAND**  
20 **EASEMENTS.**

21           Section 1265B(b)(3) of the Food Security Act of  
22 1985 (16 U.S.C. 3865b(b)(3)) is amended by adding at  
23 the end the following:

24           “(D) PRIORITY.—In evaluating applica-  
25 tions under the program, the Secretary may

1 give priority to an application for the purchase  
2 of an agricultural land easement that maintains  
3 agricultural viability or includes, as a condition  
4 of the easement, a requirement that any subse-  
5 quent purchase of the land subject to the ease-  
6 ment shall be at agricultural value, as deter-  
7 mined by the Secretary, or both.”.

8 **SEC. 103. EXCLUSION OF GAIN FROM SALE OF FARM OR**  
9 **RANCH TO A QUALIFIED AGRICULTURAL**  
10 **PURCHASER.**

11 (a) IN GENERAL.—Part III of subchapter B of chap-  
12 ter 1 of the Internal Revenue Code of 1986 is amended  
13 by inserting after section 139E the following:

14 **“SEC. 139F. GAIN FROM SALE OF FARM OR RANCH TO A**  
15 **QUALIFIED AGRICULTURAL PURCHASER.**

16 “(a) IN GENERAL.—In the case of an individual,  
17 gross income shall not include gain from the sale or ex-  
18 change of property if—

19 “(1) during the 3-year period ending on the  
20 date of the sale or exchange, such property has been  
21 owned and used by the taxpayer in a farming busi-  
22 ness (as defined in section 263A(e)),

23 “(2) such property is acquired by a qualified  
24 agricultural purchaser,

1           “(3) immediately before such sale or exchange,  
2           the qualified agricultural purchaser does not own  
3           property that, in aggregate acreage, is greater than  
4           or equal to twice the average farm size in the county  
5           in which the property subject to the sale or exchange  
6           is located, and

7           “(4) in connection with such transfer there is in  
8           effect a restriction (granted in perpetuity) that such  
9           property be used in a farming business (as so de-  
10          fined).

11          “(b) LIMITATIONS.—

12           “(1) IN GENERAL.—The amount of gain ex-  
13          cluded from gross income under subsection (a) with  
14          respect to any sale or exchange shall not exceed  
15          \$250,000.

16           “(2) SPECIAL RULE FOR JOINT RETURNS.—In  
17          the case of a joint return for the taxable year of the  
18          sale or exchange of the property, paragraph (1) shall  
19          be applied by substituting ‘\$500,000’ for ‘\$250,000’  
20          if—

21           “(A) either spouse meets the ownership re-  
22          quirements of subsection (a) with respect to  
23          such property, and

1           “(B) both spouses meet the use require-  
2           ments of subsection (a) with respect to such  
3           property.

4           “(c) QUALIFIED AGRICULTURAL PURCHASER.—For  
5 purposes of this section—

6           “(1) IN GENERAL.—The term ‘qualified agricul-  
7           tural purchaser’ means an individual who is—

8           “(A) a beginning farmer or rancher,

9           “(B) a socially disadvantaged farmer (as  
10           defined in section 2501(e) of the Food, Agri-  
11           culture, Conservation, and Trade Act of 1990  
12           (7 U.S.C. 2279(e)), or

13           “(C) a veteran farmer or rancher (as de-  
14           fined in (as defined in section 2501(e) of the  
15           Food, Agriculture, Conservation, and Trade Act  
16           of 1990 (7 U.S.C. 2279(e))).

17           “(2) BEGINNING FARMER OR RANCHER.—For  
18 purposes of this section—

19           “(A) IN GENERAL.—The term ‘beginning  
20           farmer or rancher’ means an individual or enti-  
21           ty who—

22           “(i) has not operated a farm or ranch,  
23           or who has operated a farm or ranch for  
24           not more than 10 consecutive years, and

1           “(ii) will materially and substantially  
2           participate in the operation of the farm or  
3           ranch.

4           “(B) MATERIAL AND SUBSTANTIAL PAR-  
5           TICIPATION.—For purposes of subparagraph  
6           (A), material and substantial participation  
7           means—

8           “(i) in the case of an individual, that  
9           the individual provides substantial day-to-  
10          day labor and management of the farm or  
11          ranch, consistent with the practices in the  
12          county or State where the farm is located,  
13          and

14          “(ii) in the case of an entity, that all  
15          shareholders, holders of a capital or profits  
16          interest in the case of a partnership, or  
17          holders of a beneficial interest in the case  
18          of a trust or cooperative provide some  
19          amount of the management or labor nec-  
20          essary for day-to-day activities such that if  
21          each of the members did not provide these  
22          inputs, operation of the farm or ranch  
23          would be seriously impaired.

1       “(d) APPLICABLE RULES.—For purposes of this sec-  
 2 tion, rules similar to the rules of paragraphs (2), (3), and  
 3 (6) of section 121(d) shall apply.”.

4       (b) CLERICAL AMENDMENT.—The table of sections  
 5 for part III of subchapter B of chapter 1 of such Code  
 6 is amended by inserting after the item relating to section  
 7 139E the following new item:

“Sec. 139F. Gain from sale of farm or ranch to a qualified agricultural pur-  
 chaser.”.

8       (c) EFFECTIVE DATE.—The amendments made by  
 9 this section shall apply to sales and exchanges on or after  
 10 the date of the enactment of this Act, in taxable years  
 11 ending after such date.

12 **SEC. 104. PREQUALIFICATION OF PROSPECTIVE APPLI-**  
 13 **CANTS FOR CREDIT FROM FARM SERVICE**  
 14 **AGENCY PROGRAMS.**

15       Not later than October 1, 2016, the Secretary of Ag-  
 16 riculture shall develop and implement procedures to en-  
 17 sure that the Farm Service Agency is prepared, in ad-  
 18 vance, to respond to a request by a prospective loan appli-  
 19 cant (other than a request for preapproval) for a prelimi-  
 20 nary determination on—

21           (1) whether the prospective applicant would  
 22 likely qualify for credit under any program adminis-  
 23 tered by the Farm Service Agency; or



1           (2) the amount of credit for which the prospec-  
2           tive applicant would likely qualify under any such  
3           program.

4 **SEC. 105. INCREASE IN LIMITATION ON AMOUNT OF DI-**  
5                   **RECT FARM OWNERSHIP LOANS; INFLATION**  
6                   **INDEXATION OF LIMIT.**

7           Section 305 of the Consolidated Farm and Rural De-  
8           velopment Act (7 U.S.C. 1925) is amended by striking  
9           “\$300,000” and inserting “\$500,000 (increased, begin-  
10          ning with fiscal year 2017, by the inflation percentage ap-  
11          plicable to the fiscal year in which the loan is made, and  
12          reduced by the amount of any unpaid indebtedness of the  
13          borrower on direct loans under subtitle B)”.

14 **SEC. 106. MINIMUM FUNDING PERCENTAGE FOR AGRICUL-**  
15                   **TURAL LAND EASEMENTS AND WETLAND RE-**  
16                   **SERVE EASEMENTS.**

17          Section 1265D of the Food Security Act of 1985 (16  
18          U.S.C. 3865d) is amended by adding at the end the fol-  
19          lowing:

20          “(f) **MINIMUM PERCENTAGES.**—The Secretary shall  
21          ensure that, of funds made available to carry out this sub-  
22          title, not less than 40 percent are used to carry out each  
23          of sections 1265B and 1265C.”.

1 **SEC. 107. REPORT ON AGRICULTURAL CONSERVATION**  
2 **EASEMENT PROGRAM.**

3 Not later than 180 days after the date of the enact-  
4 ment of this Act, the Chief of the Natural Resources Con-  
5 servation Service shall submit to the Committee on Agri-  
6 culture of the House of Representatives and the Com-  
7 mittee on Agriculture, Nutrition, and Forestry of the Sen-  
8 ate a report that includes an evaluation of the extent in  
9 which the agricultural conservation easement program es-  
10 tablished under section 1265(a) of the Food Security Act  
11 of 1985 (16 U.S.C. 3865(a)) supports beginning farmers  
12 or ranchers (as defined in section 206(b)) in purchasing  
13 land.

14 **TITLE II—IMPROVED ACCESS TO**  
15 **DEPARTMENT OF AGRICUL-**  
16 **TURE TRAINING AND PRO-**  
17 **GRAMS**

18 **SEC. 201. BEGINNING FARMER COORDINATION.**

19 (a) PROGRAM ESTABLISHED.—Not later than 1 year  
20 after the date of the enactment of this Act, the Secretary,  
21 acting through the Administrator of the Farm Service  
22 Agency, shall implement a program to assign to each State  
23 at least one coordinator to—

24 (1) promote communication between the De-  
25 partment of Agriculture and beginning farmers or

1 ranchers (as defined in section 206(b)) located in  
2 such State; and

3 (2) increase the access of such beginning farm-  
4 ers or ranchers to apprenticeship programs, farm  
5 loan programs, and land available for purchase.

6 (b) STATE DEFINED.—In this section, the term  
7 “State” means each of the several States, the District of  
8 Columbia, and any commonwealth, territory, or possession  
9 of the United States.

10 **SEC. 202. TRANSFER OF ADVISORY COMMITTEE ON BEGIN-**  
11 **NING FARMERS AND RANCHERS TO JURIS-**  
12 **DICTION OF FARM SERVICE AGENCY.**

13 The Department of Agriculture Reorganization Act  
14 of 1994 (7 U.S.C. 6901 et seq.) is amended—

15 (1) in section 226B(e)(2) (7 U.S.C. 6934)—

16 (A) by striking subparagraph (C); and

17 (B) by redesignating subparagraph (D) as  
18 subparagraph (C); and

19 (2) in section 226 (7 U.S.C. 6932), by adding  
20 at the end the following new subsection:

21 “(i) ADVISORY COMMITTEE ON BEGINNING FARMERS  
22 AND RANCHERS.—The Administrator of the Farm Service  
23 Agency shall coordinate the activities of the Farm Service  
24 Agency with the Advisory Committee on Beginning Farm-  
25 ers and Ranchers established under section 5(b) of the Ag-

1 ricultural Credit Improvement Act of 1992 (7 U.S.C. 1929  
2 note; Public Law 102–554).”.

3 **SEC. 203. DEPARTMENT OF AGRICULTURE ON-LINE CUS-**  
4 **TOMER SELF-SERVICE PORTAL.**

5 (a) CUSTOMER SELF-SERVICE PORTAL.—The Sec-  
6 retary of Agriculture shall develop an on-line customer  
7 self-service portal through which farmers and ranchers will  
8 be able to securely access their customer and program in-  
9 formation and complete program applications in a wide  
10 range of agricultural programs offered by the Department  
11 of Agriculture.

12 (b) SENSE OF CONGRESS.—It is the sense of Con-  
13 gress that the development of an on-line customer self-  
14 service portal, as required by subsection (a), should not  
15 negatively impact the many farmers and ranchers who do  
16 not yet have access to high-speed internet or who would  
17 prefer not to utilize the online self-service portal.

18 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
19 are authorized to be appropriated to the Secretary of Agri-  
20 culture to carry out subsection (a) \$6,000,000 for the  
21 three-fiscal year period beginning on October 1, 2016.

1 **SEC. 204. EXTENSION OF BEGINNING FARMER AND RANCH-**  
2 **ER DEVELOPMENT PROGRAM TO PROVIDE**  
3 **TRAINING, EDUCATION, OUTREACH, AND**  
4 **TECHNICAL ASSISTANCE INITIATIVES.**

5 Section 7405(h) of the Farm Security and Rural In-  
6 vestment Act of 2002 (7 U.S.C. 3319f(h)) is amended—

7 (1) by striking “2018” both places it appears  
8 and inserting “2021”;

9 (2) in the heading for paragraph (1), by strik-  
10 ing “2018” and inserting “2021”; and

11 (3) in the heading for paragraph (2), by strik-  
12 ing “2018” and inserting “2021”.

13 **SEC. 205. MANDATORY FUNDING FOR BEGINNING FARMER**  
14 **AND RANCHER INDIVIDUAL DEVELOPMENT**  
15 **ACCOUNTS PILOT PROGRAM.**

16 Section 333B of the Consolidated Farm and Rural  
17 Development Act (7 U.S.C. 1983b) is amended—

18 (1) in subsection (h), by striking “2018” and  
19 inserting “2016”; and

20 (2) by adding at the end the following new sub-  
21 section:

22 “(i) MANDATORY FUNDING.—Of the funds of the  
23 Commodity Credit Corporation, the Secretary shall use to  
24 carry out this section \$5,000,000 for fiscal year 2017 and  
25 each fiscal year thereafter.”

1 **SEC. 206. SALE OF SURPLUS FARM EQUIPMENT OR PROP-**  
2 **ERTY TO SOCIALLY DISADVANTAGED FARM-**  
3 **ERS OR RANCHERS, VETERAN FARMERS OR**  
4 **RANCHERS, AND BEGINNING FARMERS OR**  
5 **RANCHERS.**

6 (a) SALE AUTHORIZED.—The Administrator of Gen-  
7 eral Services, under regulations prescribed by the Admin-  
8 istrator, may sell to a socially disadvantaged farmer or  
9 rancher, veteran farmer or rancher, or beginning farmer  
10 or rancher any farm equipment acquired by the General  
11 Services Administration that—

12 (1) is suitable for use in farming operations;

13 and

14 (2) has been determined to be surplus property  
15 under chapter 5 of title 40, United States Code.

16 (b) DEFINITIONS.—In this section:

17 (1) BEGINNING FARMER OR RANCHER.—The  
18 term “beginning farmer or rancher” means an indi-  
19 vidual or entity that has not operated a farm or  
20 ranch or that has operated a farm or ranch for not  
21 more than 10 consecutive years and that will materi-  
22 ally and substantially participate in the operation of  
23 the farm or ranch. In the case of an entity, these  
24 requirements apply to all members of the entity.

25 (2) FOOD, AGRICULTURE, CONSERVATION, AND  
26 TRADE ACT OF 1990 TERMS.—The terms “socially

1       disadvantaged farmer or rancher” and “veteran  
2       farmer or rancher” have the meanings given those  
3       terms in section 2501(e) of the Food, Agriculture,  
4       Conservation, and Trade Act of 1990 (7 U.S.C.  
5       2279(e)).

6       **TITLE        III—INVESTMENT        IN**  
7       **LOCAL AND REGIONAL FOOD**  
8       **SYSTEMS**

9       **SEC. 301. MANDATORY FUNDING FOR FARMERS’ MARKET**  
10       **AND LOCAL FOOD PROMOTION PROGRAM.**

11       Section 6(g)(1) of the Farmer-to-Consumer Direct  
12       Marketing Act of 1976 (7 U.S.C. 3005(g)(1)) is amend-  
13       ed—

14               (1) by striking “and” at the end of subpara-  
15       graph (C);

16               (2) in subparagraph (D), by striking “2018.”  
17       and inserting “2016; and”; and

18               (3) by adding at the end the following new sub-  
19       paragraph:

20                       “(E) \$40,000,000 for each of fiscal years  
21       2017 through 2021.”.

22       **SEC. 302. GRANTS TO SUPPORT FARM VIABILITY PRO-**  
23       **GRAMS.**

24       (a) GRANTS AUTHORIZED.—The Secretary of Agri-  
25       culture may make competitive grants to support a farm

1 viability program developed by a public or private entity  
2 that is designed—

3           (1) to improve the economic viability and envi-  
4           ronmental integrity of farms participating in the  
5           program through the development and implementa-  
6           tion of a farm viability plans; and

7           (2) to provide participating farmers with envi-  
8           ronmental, technical, and business planning assist-  
9           ance to expand, upgrade, and modernize their agri-  
10          cultural operations and assist in land access and  
11          transfer.

12          (b) AUTHORIZATION OF APPROPRIATIONS.—There  
13          are authorized to be appropriated to the Secretary of Agri-  
14          culture to make grants under this section such sums as  
15          are necessary for each of fiscal years 2017 through 2021.

○