

116TH CONGRESS  
2D SESSION

# S. 3602

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

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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

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## A BILL

To provide loan forgiveness for certain borrowers of Department  
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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