



The Emergency Loans Reform Act of 2024

Introduced By:

Senators Peter Welch (D-Vt.); Bernie Sanders (I-Vt.); Tina Smith (D-Minn.)

Background:

In the aftermath of a natural disaster, emergency farm loans provided through the U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) can help farmers and ranchers recover from production losses. To access funds through FSA's Emergency Loan Program, farmers impacted by extreme weather must provide evidence of 30% of total production losses and one or more written denials from a commercial lender.

As USDA does not always require written denials for similar loan programs, and requiring farmers to receive written denials can be particularly burdensome, depriving them of resources at a crucial time. In addition, USDA's 30% production loss requirement can be a misleading indicator when determining a farmer's need for emergency funding. For instance, a farmer who lost 10% of their most valuable crops may be worse off than a farmer who lost 30% of less valuable crops. These barriers to funding create unnecessary obstacles for farmers to receive emergency loans when they need it most.

Legislation:

The *Emergency Loans Reform Act of 2024* makes commonsense reforms to FSA's Emergency Loan Program to be more responsive to the needs of farmers in the aftermath of a natural disaster.

Specifically, the bill would amend USDA's Emergency Loan Program to remove the requirement for written credit denials and increase flexibility in defining loss to improve eligibility and access for farmers and agricultural producers seeking emergency loan funding. The bill would also adjust the production loss percent threshold from 30% to an amount to be determined by the Secretary of Agriculture, in order to better reflect varying levels of loss.