

PUBLICATION

The American Rescue Plan Provides Significant Debt Relief to Minority Farmers

Authors: Marcus Monte Maples, Daniel Moss

March 31, 2021

Socially disadvantaged farmers, including African American, Hispanic, Native American and Asian American farmers, will receive aid in the form of debt relief, grants, training and education as a part of the American Rescue Plan Act of 2021 (the ARPA). This aid will provide significant relief to disadvantaged farmers who have faced economic hardships and a disproportionate adverse impact from the COVID-19 pandemic.

Debt Relief for Socially Disadvantaged Farmers

Section 1005 of the ARPA provides substantial debt relief to socially disadvantaged farmers. The ARPA, through the Department of Agriculture, provides debt relief of up to 120 percent of the farmer's outstanding indebtedness as of January 1, 2021.

Who Is Eligible?

The ARPA uses the definition of socially disadvantaged farmers found in Section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990, which means a farmer or rancher who is a member of a group whose members have been subjected to racial or ethnic prejudice because of their identity as members of that group. This definition includes African American, American Indian or Alaskan native, Hispanic or Latino, and Asian American or Pacific Islander.

What Loans Qualify?

The ARPA provides the debt relief for two broad categories of farm loans: "direct farm loans made by the Secretary [of Agriculture]" to the farmer or rancher and "farm loans guaranteed by the Secretary [of Agriculture]" to the farmer or rancher. The ARPA defines farm loan as "a loan administered by the Farm Service Agency under subtitle A, B, or C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 *et seq.*)" and "a Commodity Credit Corporation Farm Storage Facility Loan." This includes, among others, USDA Farm Service Agency direct farm loans, USDA guaranteed loans, and Commodity Credit Corporation farm storage loans.

What Steps Can You Take Now?

While the Department of Agriculture is still developing the implementing procedures and guidance, one thing minority farmers with qualifying outstanding farm loan debt can do right now is to make sure that your ethnicity and race are on file with the Department of Agriculture. To do this, submit a [Form AD-2047](#), including your race and ethnicity in Sections 6A and 6B. You can submit the form to your local USDA Service Center, which you can find [here](#).

Other Forms of Assistance for Socially Disadvantaged Farmers

In addition to the debt relief, Section 1006 of the law includes various allocations for grants, training, and education. The ARPA appropriates \$1.01 billion for these additional programs. These funds are to be used to

provide the following to socially disadvantaged farmers, ranchers, forest landowners, or other members of socially disadvantaged groups:

- Outreach, mediation, financial training, capacity building training, cooperative development training and support, and other technical assistance on issues concerning food, agriculture, agricultural credit, agricultural extension, rural development, or nutrition
- Grants and loans to improve land access
- Creation of an equity commission to address racial equity issues within the Department of Agriculture and its programs
- Support for agricultural research, education, and extension
- Additional funding for certain scholarships and programs to provide internships and pathways to federal employment
- Financial assistance to socially disadvantaged farmers, ranchers, or forest landowners who are former farm loan borrowers who suffered related adverse actions or past discrimination or bias in Department of Agriculture programs

The Department of Agriculture is currently reviewing and gathering feedback to implement the ARPA and will provide additional guidance and information related to these programs.

Baker Donelson works diligently to stay up to date on the latest information and guidance related to programs like this one and to assist clients during these unprecedented times. Our attorneys and advisers regularly monitor and advise clients on emerging issues. For additional guidance, please contact [Marcus Maples](#), [Daniel Moss](#), or your Baker Donelson attorney.