

**Statement of the Honorable Jerrold Nadler, Chair, for the Markup of 2336,  
the “Family Farmer Relief Act of 2019,” by the Committee on the Judiciary**

**Thursday, July 11, 2019, at 10:00 a.m.  
2141 Rayburn House Office Building**

H.R. 2336, the “Family Farmer Relief Act of 2019,” would increase the current debt limit used to determine whether a family farmer is eligible for relief under chapter 12 of the Bankruptcy Code, a specialized form of bankruptcy relief specifically intended for family farmers, from approximately \$4.4 million, to \$10 million.

Chapter 12 permits a family farmer who satisfies certain eligibility criteria to reorganize his or her debts pursuant to a repayment plan under the supervision of a bankruptcy trustee. The special attributes of chapter 12 make it better suited to meet the particularized needs of family farmers in financial distress than other forms of bankruptcy relief.

Under chapter 7, for example, the family farm and its assets would have to be liquidated to pay the claims of creditors, thus depriving the family farmer of his or her livelihood. Chapter 11, typically used by large corporations in economic distress to reorganize complex financial transactions, can be a costly and time-consuming process ill-suited to a small farming operation.

During the farm crisis of the mid-1980's, thousands of family farmers faced a perfect storm of grain embargos, high interest rates, competition from large corporate farming operations, and competition from overseas. In response to that crisis, Congress passed legislation creating chapter 12, initially on a temporary basis, and, in 2005, on a permanent basis.

Unfortunately, many similar economic pressures are currently impacting family farmers, who are also facing the damaging effects of virtually unprecedented weather events, including devastating episodes of flooding, as well as stagnant or falling returns on investment.

H.R. 2336 takes into consideration the fact that modern farming operations entail greater costs and resulting debt than when chapter 12 was first enacted, by raising the debt threshold to qualify for this type of bankruptcy relief to a level more consistent with today's operations.

This legislation is supported by the nonpartisan American Bankruptcy Institute as well as the American College of Bankruptcy. It currently has more than 20 bipartisan cosponsors, including our colleague, the Gentleman from Wisconsin, Mr. Sensenbrenner.

Accordingly, I support H.R. 2336 and I yield back the balance of my time.