

## **Family Farmer Relief Act Testimony**

*Testimony before House Judiciary Committee, Subcommittee on Antitrust,  
Commercial and Administrative Law  
Rep. Antonio Delgado (NY-19)*

Good morning, thank you all for having me. I appreciate you holding this hearing to make sure our nation's bankruptcy laws reflect today's economy and represent the experiences of our nation's farmers.

I'm proud to represent New York's 19<sup>th</sup> Congressional District, which stretches nearly 8,000 square miles, is made up of 11 counties, and includes the beautiful Hudson Valley and Catskill Mountains. My district is the eighth most rural in the country, and the third most rural represented by a Democrat. **It is** home to more than 5,000 farms and 8,000 farm operators.

Today, I am here to speak on behalf of family farmers across my district who, along with farmers across the country, are facing alarming rates of foreclosure during this down farm economy.

I would like to take this opportunity to articulate for the committee exactly what a down farm economy looks like:

- Farmers are currently facing a fifth year of declining net farm income. Prices are low, inputs are high, and current trade policies make the future unknown.
- 2018 marked the fourth consecutive year of rising bankruptcy rates as a proportion of the farm population.

In addition, at the 2018 Agricultural Economic and Outlook Foreign Trade Forum, [USDA Chief Economist Robert Johansson said](#), “net farm income is expected to remain flat over the next ten years, and when accounting for inflation, to fall in real terms.”

This is a down farm economy—and this story is not unique to NY-19, or Upstate New York. This is an urgent, national issue for our farmers.

According to the National Farm Bureau, last year, just 498 farms filed for Chapter 12 bankruptcy, compared to nearly 766,000 consumer filings through chapters 7

and 13. Over the last ten years, Chapter 7 and Chapter 13 have seen 10 million total filings compared to just 5,039 Chapter 12 filings. It's clear the current debt cap has rendered Chapter 12 an inaccessible tool for today's farm families.

This farm economy is exacerbated by an outdated filing cap that leaves farmers without options to restructure or repay their debt.

This is why I introduced the Family Farmer Relief Act, along with the Ranking Member, Mr. Sensenbrenner and our colleagues on both sides of the aisle.

H.R.2336 is a bipartisan step to give these family farmers long overdue relief through Chapter 12.

Chapter 12 debt relief was in fact originally written for family farmers experiencing a down farm economy. The rules, as written, allow for a seasonal repayment, as farmer's incomes shift with the seasons.

Our legislation modifies Chapter 12 bankruptcy rules to increase the debt cap for eligibility from \$3,237,000 to \$10,000,000.

These changes reflect the increase in land values, as well as the growth over time in the average size of U.S. farming operations. These changes will provide farmers additional options to manage the current farm economy. Lifting the cap will allow farmers to retain assets and continue farm operation.

The Family Farmer Relief Act, which also has a bipartisan Senate counterpart, has the support of important voices in the farming community including the American Farm Bureau Federation and the National Farmers Union.

Upon introduction, the American Farm Bureau said this legislation, "will help to align bankruptcy law with the scale and credit needs of U.S. agriculture."

The National Farmers Union also joined in endorsing this the Family Farmer Relief Act saying that it, "will help more family farmers avoid liquidation or foreclosure, allowing them to stay in operation."

This legislation aims to do just that: keep farmers operational.

Allowing farmers increased flexibility is critical to the health and wellness of our family farmers and the Upstate economy at large. I encourage the committee to mark up this legislation and bring it to the House Floor, so we can give our farmers and growers the flexibility they need to continue operations.

Thank you all again for the opportunity to testify today to address how we can aid our farmers in this difficult farm economy. I look forward to working with you all to advance the Family Farmer Relief Act.