

## **§1983b. Beginning farmer and rancher individual development accounts pilot program**

### **(a) Definitions**

In this section:

#### **(1) Demonstration program**

The term “demonstration program” means a demonstration program carried out by a qualified entity under the pilot program established in subsection (b)(1).

#### **(2) Eligible participant**

The term “eligible participant” means a qualified beginning farmer or rancher that-

(A) lacks significant financial resources or assets; and

(B) has an income that is less than-

(i) 80 percent of the median income of the State in which the farmer or rancher resides; or

(ii) 200 percent of the most recent annual Federal Poverty Income Guidelines published by the Department of Health and Human Services for the State.

#### **(3) Individual development account**

The term “individual development account” means a savings account described in subsection (b)(4)(A).

#### **(4) Qualified entity**

##### **(A) In general**

The term “qualified entity” means-

(i) 1 or more organizations-

(I) described in [section 501\(c\)\(3\) of title 26](#); and

(II) exempt from taxation under section 501(a) of such title; or

(ii) a State, local, or tribal government submitting an application jointly with an organization described in clause (i).

##### **(B) No prohibition on collaboration**

An organization described in subparagraph (A)(i) may collaborate with a financial institution or for-profit community development corporation to carry out the purposes of this section.

### **(b) Pilot program**

#### **(1) In general**

The Secretary shall establish a pilot program to be known as the “New Farmer Individual Development Accounts Pilot Program” under which the Secretary shall work through qualified entities to establish demonstration programs-

(A) of at least 5 years in duration; and

(B) in at least 15 States.

#### **(2) Coordination**

The Secretary shall operate the pilot program through, and in coordination with the farm loan programs of, the Farm Service Agency.

#### **(3) Reserve funds**

**(A) In general**

A qualified entity carrying out a demonstration program under this section shall establish a reserve fund consisting of a non-Federal match of 50 percent of the total amount of the grant awarded to the demonstration program under this section.

**(B) Federal funds**

After the qualified entity has deposited the non-Federal matching funds described in subparagraph (A) in the reserve fund, the Secretary shall provide the total amount of the grant awarded under this section to the demonstration program for deposit in the reserve fund.

**(C) Use of funds**

Of the funds deposited under subparagraph (B) in the reserve fund established for a demonstration program, the qualified entity carrying out the demonstration program-

- (i) may use up to 10 percent for administrative expenses; and
- (ii) shall use the remainder in making matching awards described in paragraph (4)(B)(ii)(I).

**(D) Interest**

Any interest earned on amounts in a reserve fund established under subparagraph (A) may be used by the qualified entity as additional matching funds for, or to administer, the demonstration program.

**(E) Guidance**

The Secretary shall issue guidance regarding the investment requirements of reserve funds established under this paragraph.

**(F) Reversion**

On the date on which all funds remaining in any individual development account established by a qualified entity have reverted under paragraph (5)(B)(ii) to the reserve fund established by the qualified entity, there shall revert to the Treasury of the United States a percentage of the amount (if any) in the reserve fund equal to-

- (i) the amount of Federal funds deposited in the reserve fund under subparagraph (B) that were not used for administrative expenses; divided by
- (ii) the total amount of funds deposited in the reserve fund.

**(4) Individual development accounts**

**(A) In general**

A qualified entity receiving a grant under this section shall establish and administer individual development accounts for eligible participants.

**(B) Contract requirements**

To be eligible to receive funds under this section from a qualified entity, an eligible participant shall enter into a contract with only 1 qualified entity under which-

- (i) the eligible participant agrees-
  - (I) to deposit a certain amount of funds of the eligible participant in a personal savings account, as prescribed by the contractual agreement between the eligible participant and the qualified entity;
  - (II) to use the funds described in subclause (I) only for 1 or more eligible expenditures described in paragraph (5)(A); and
  - (III) to complete financial training; and

(ii) the qualified entity agrees-

(I) to deposit, not later than 1 month after an amount is deposited pursuant to clause (i)(I), at least a 100-percent, and up to a 200-percent, match of that amount into the individual development account established for the eligible participant; and

(II) with uses of funds proposed by the eligible participant.

**(C) Limitation**

**(i) In general**

A qualified entity administering a demonstration program under this section may provide not more than \$6,000 for each fiscal year in matching funds to the individual development account established by the qualified entity for an eligible participant.

**(ii) Treatment of amount**

An amount provided under clause (i) shall not be considered to be a gift or loan for mortgage purposes.

**(5) Eligible expenditures**

**(A) In general**

An eligible expenditure described in this subparagraph is an expenditure-

(i) to purchase farmland or make a down payment on an accepted purchase offer for farmland;

(ii) to make mortgage payments on farmland purchased pursuant to clause (i), for up to 180 days after the date of the purchase;

(iii) to purchase breeding stock, fruit or nut trees, or trees to harvest for timber; and

(iv) for other similar expenditures, as determined by the Secretary.

**(B) Timing**

**(i) In general**

An eligible participant may make an eligible expenditure at any time during the 2-year period beginning on the date on which the last matching funds are provided under paragraph (4)(B)(ii)(I) to the individual development account established for the eligible participant.

**(ii) Unexpended funds**

At the end of the period described in clause (i), any funds remaining in an individual development account established for an eligible participant shall revert to the reserve fund of the demonstration program under which the account was established.

**(c) Applications**

**(1) In general**

A qualified entity that seeks to carry out a demonstration program under this section may submit to the Secretary an application at such time, in such form, and containing such information as the Secretary may prescribe.

**(2) Criteria**

In considering whether to approve an application to carry out a demonstration program under this section, the Secretary shall assess-

(A) the degree to which the demonstration program described in the application is likely to aid eligible participants in successfully pursuing new farming opportunities;

(B) the experience and ability of the qualified entity to responsibly administer the demonstration program;

(C) the experience and ability of the qualified entity in recruiting, educating, and assisting eligible participants to increase economic independence and pursue or advance farming opportunities;

(D) the aggregate amount of direct funds from non-Federal public sector and private sources that are formally committed to the demonstration program as matching contributions;

(E) the adequacy of the plan of the qualified entity to provide information relevant to an evaluation of the demonstration program; and

(F) such other factors as the Secretary considers to be appropriate.

### **(3) Preferences**

In considering an application to conduct a demonstration program under this section, the Secretary shall give preference to an application from a qualified entity that demonstrates-

(A) a track record of serving clients targeted by the program, including, as appropriate, socially disadvantaged farmers or ranchers (as defined in [section 2003\(e\)\(2\) of this title](#)); and

(B) expertise in dealing with financial management aspects of farming.

### **(4) Approval**

Not later than 1 year after the date of enactment of this section, in accordance with this section, the Secretary shall, on a competitive basis, approve such applications to conduct demonstration programs as the Secretary considers appropriate.

### **(5) Term of authority**

If the Secretary approves an application to carry out a demonstration program, the Secretary shall authorize the applicant to carry out the project for a period of 5 years, plus an additional 2 years to make eligible expenditures in accordance with subsection (b)(5)(B).

### **(d) Grant authority**

#### **(1) In general**

The Secretary shall make a grant to a qualified entity authorized to carry out a demonstration program under this section.

#### **(2) Maximum amount of grants**

The aggregate amount of grant funds provided to a demonstration program carried out under this section shall not exceed \$250,000.

#### **(3) Timing of grant payments**

The Secretary shall pay the amounts awarded under a grant made under this section-

(A) on the awarding of the grant; or

(B) pursuant to such payment plan as the qualified entity may specify.

### **(e) Reports**

#### **(1) Annual progress reports**

##### **(A) In general**

Not later than 60 days after the end of the calendar year in which the Secretary authorizes a qualified entity to carry out a demonstration program under this section, and annually thereafter until the conclusion of the demonstration program, the qualified entity shall prepare an annual report that includes, for the period covered by the report-

(i) an evaluation of the progress of the demonstration program;

(ii) information about the demonstration program, including the eligible participants and the individual development accounts that have been established; and

(iii) such other information as the Secretary may require.

**(B) Submission of reports**

A qualified entity shall submit each report required under subparagraph (A) to the Secretary.

**(2) Reports by the Secretary**

Not later than 1 year after the date on which all demonstration programs under this section are concluded, the Secretary shall submit to Congress a final report that describes the results and findings of all reports and evaluations carried out under this section.

**(f) Annual review**

The Secretary may conduct an annual review of the financial records of a qualified entity-

- (1) to assess the financial soundness of the qualified entity; and
- (2) to determine the use of grant funds made available to the qualified entity under this section.

**(g) Regulations**

In carrying out this section, the Secretary may promulgate regulations to ensure that the program includes provisions for-

- (1) the termination of demonstration programs;
- (2) control of the reserve funds in the case of such a termination;
- (3) transfer of demonstration programs to other qualified entities; and
- (4) remissions from a reserve fund to the Secretary in a case in which a demonstration program is terminated without transfer to a new qualified entity.

**(h) Authorization of appropriations**

There is authorized to be appropriated to carry out this section \$5,000,000 for each of fiscal years 2008 through 2012.

(Pub. L. 87–128, title III, §333B, as added Pub. L. 110–234, title V, §5301, May 22, 2008, 122 Stat. 1147, and Pub. L. 110–246, §4(a), title V, §5301, June 18, 2008, 122 Stat. 1664, 1908.)

**REFERENCES IN TEXT**

The date of enactment of this section, referred to in subsec. (c)(4), is the date of enactment of Pub. L. 110–246, which was approved June 18, 2008.

**CODIFICATION**

Pub. L. 110–234 and Pub. L. 110–246 enacted identical sections. Pub. L. 110–234 was repealed by section 4(a) of Pub. L. 110–246.

**PRIOR PROVISIONS**

A prior section 1983b, Pub. L. 87–128, title III, §333B, as added Pub. L. 99–198, title XIII, §1313(a), Dec. 23, 1985, 99 Stat. 1525; amended Pub. L. 100–233, title VI, §608, Jan. 6, 1988, 101 Stat. 1667; Pub. L. 101–624, title XVIII, §1812, Nov. 28, 1990, 104 Stat. 3821, related to appeals from adverse decisions under the Consolidated Farm and Rural Development Act, prior to repeal by Pub. L. 103–354, title II, §281(c), Oct. 13, 1994, 108 Stat. 3233. See [section 6991 et seq. of this title](#).

**EFFECTIVE DATE**

Enactment of this section and repeal of Pub. L. 110–234 by Pub. L. 110–246 effective May 22, 2008, the date of enactment of Pub. L. 110–234, see section 4 of Pub. L. 110–246, set out as a note under [section 8701 of this title](#).

