

4001. FARM CREDIT SYSTEM LOCAL AND REGIONAL FARM AND FOOD SYSTEM INVESTMENT.

(a) CREDIT FOR YOUNG, BEGINNING, AND SMALL FARMERS PRODUCING FOR LOCAL AND REGIONAL MARKETS.—Section 4.19(a) of the Farm Credit Act of 1971 (12 U.S.C. 2207(a)) is amended by inserting after the 2nd sentence the following:

“Not less than 10 percent of the credit provided under such programs shall be provided for the production of locally or regionally produced agricultural food products (as defined in section 310B(g)(10)(A)) of the Consolidated Farm and Rural Development Act”.

(b) REQUIREMENT THAT FARM CREDIT SYSTEM INSTITUTIONS USE CERTAIN PERCENTAGE OF THEIR NET INCOME TO MAKE GRANTS TO ORGANIZE, BUILD, EXPAND, OR IMPROVE LOCAL AND REGIONAL FOOD INFRASTRUCTURE AND SYSTEMS.—Part D of title IV of such Act (12 U.S.C. 2203–2209) is amended by adding at the end the following:

“SEC. 422. FARM CREDIT SYSTEM INSTITUTIONS REQUIRED TO USE CERTAIN PERCENTAGE OF THEIR NET INCOME TO MAKE GRANTS TO ORGANIZE, BUILD, EXPAND, OR IMPROVE LOCAL AND REGIONAL FOOD INFRASTRUCTURE AND SYSTEMS.

“(a) IN GENERAL.—Each Farm Credit System institution shall make grants in the following calendar years for the purpose of organizing, building, expanding, or improving infrastructure and systems for the production of locally or regionally produced agricultural food products, using the following percentages of the net income of the institution for the then preceding calendar year:

“(1) In each of calendar years 2012 through 2015, 5 percent.

“(2) In calendar year 2016, 6 percent.

“(3) In calendar year 2017 and thereafter, 10 percent.

(b) DEFINITION OF LOCALLY OR REGIONALLY PRODUCED AGRICULTURAL FOOD PRODUCTS.—In this section, the term ‘locally or regionally produced agricultural food products’ has the meaning given the term in section 310B(g)(10)(A) of the Consolidated Farm and Rural Development Act.

“(c) SUSPENSION OF GRANT REQUIREMENT.—

“(1) FINANCIAL INSTABILITY.—If such an institution finds that the grants required under this section are contributing to the financial instability of the institution, the institution may apply to the Board of Directors of the Farm Credit Administration (in this section referred to as the ‘Board’) for a temporary suspension of subsection (a) with respect to the institution.

“(2) FACTORS TO BE CONSIDERED.—In determining the financial instability of such an institution, the Board shall consider such factors as—

“(A) whether the income of the institution is severely depressed; and

“(B) whether there has been a substantial decline in the capital of the institution.

“(3) REVIEW.—The Board shall review any such application and any supporting financial data and issue a written decision approving or disapproving the application. The Board’s decision shall be accompanied by specific findings and reasons for its action.

“(4) LIMITATIONS ON AUTHORITY TO GRANT SUSPENSION.—The Board shall not approve such an application if the reduction in income of the institution involved is a result of—

“(A) a change in the terms for advances to members which is not justified by market conditions;

“(B) inordinate operating and administrative expenses; or

“(C) mismanagement.

“(5) MONITORING OF SUSPENSION.—If the Board grants a suspension, the Board shall specify the period of time the suspension shall remain in effect, and shall continue to monitor the financial condition of the institution involved during the suspension.

“(6) CONGRESSIONAL NOTIFICATION AND ACTION.—The Board shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate not less than 60 days before any such suspension takes effect. Such a suspension shall become effective unless a joint resolution is enacted disapproving the suspension.

“(d) ADVISORY COUNCIL.—

“(1) ESTABLISHMENT.—Each Farm Credit System institution shall appoint an Advisory Council of 7 to 15 persons drawn from community and nonprofit organizations actively involved in providing or promoting the production of locally or regionally produced agricultural food products in the farm credit district in which the institution is located.

“(2) DUTIES.—The Advisory Council shall meet with representatives of the board of directors of the institution quarterly to advise the institution on—

“(A) the production of locally or regionally produced agricultural food products in the farm credit district; and

“(B) the use of grants made pursuant to this section for that purpose.

“(3) ANNUAL REPORTS.—Each Advisory Council established under this subsection shall submit to the Board at least annually an analysis of the grant activity pursuant to this section of the institution by which the Advisory Council is appointed.”.