

May 22, 2019

Mr. Barry F. Mardock
Deputy Director
Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

Re: Advance Notice of Proposed Rulemaking—Young, Beginning, and Small Farmers and Ranchers—RIN 3052-AD32/Federal Register 84, No, 35 (February 21, 2019)

Farm Credit West (“FCW”) appreciates the opportunity to comment on FCA’s ANPR addressing issues associated with the collection and reporting of data from the Farm Credit System (“System”) with respect to service to young, beginning and small (“YBS”) farmers, ranchers and producers or harvesters of aquatic products (“YBS Farmers”).

FCW supports the comments submitted by the Farm Credit Council (“FCC”) on behalf of the System institutions and, therefore, incorporates by reference the FCC comment letter. The comments set forth in this letter are intended to supplement comments to selected questions in the FCC letter. The questions and numbers below correspond to those set out in the ANPR and the FCC letter.

ADDITIONAL COMMENTS TO SELECTED QUESTIONS:

1. Should loans continue to be reported in all the existing categories in which they fit?

Improvements and greater granularity should be consistent with technology capabilities. As much automation as is generally available should be basis for reporting. Associations should have significantly more advanced technology than in 1998.

2. When reporting YBS Farmer program performance, which would be more useful, a focus on the dollar volume of loans, the number of loans, the number of YBS Farmers that received credit and services, a combination of these, or all?

Reporting should focus on numbers receiving credit and services; services today includes leases and a lease only YBS customer should be included.

3. Under FCA’s regulations, the term “services” as used in section 4.19(a) of the Act, includes leases and related services made by System banks and direct lender associations under titles I or II authorities. As such, how appropriate is it for lease activity to be reported for YBS purposes?

Should focus on numbers receiving credit and services; services today includes leases and a lease only YBS customer should be included.

4. What additional elements or measurements would be useful in determining the FCS's compliance with and mission performance under section 4.19 of the Act and FCA regulations at 12 C.F.R. 614.4165?

Possibly include dollars invested in YBS programs.

7. Given the trends in the average age of farmers, ranchers, and aquatic operators and the transfer of operations from one generation to the next, does the current age limit remain appropriate? If not, what would be a more meaningful age threshold for a "young" farmer and why?

Not aware of the reason 35 years old was original threshold; could make an argument for 40, but don't believe any change is necessary.

8. Should the young farmer designation change for a borrower's outstanding loans once they age beyond the threshold?

Would be very problematic to monitor existing loans no longer subject to YBS to have designation changed absent a new or renewal action.

9. What additional clarification is needed on who qualifies as a young farmer?

If not a loan customer and just using services, should have criteria for that to be included such as "in ownership or an ag operation"; doesn't need to include ownership in ag land since tenant farmers should be included.

13. What criteria should FCA consider in determining whether to maintain or change the \$250,000 threshold? For example, should we consider thresholds adopted by other government agencies for their definition of "small" farmers?

Small farmer in FCW's territory could be as much as \$500,000; but a System-wide threshold needs to be consistent so a smaller number like \$250,000 or \$350,000 is certainly agreeable.

14. Would it be appropriate to index or benchmark the economic measure used at specified points in the future to ensure the threshold is current and a reasonable measure? If so, what would be an appropriate interval and benchmark?

It would be difficult to automate reporting with an index potentially changing each year.

17. Should a borrower be considered a small farmer if:

a. They have not yet generated agricultural or aquatic income?

b. They only own agricultural land and no agricultural income is produced?

Need to consider "services" for eligibility in cases where a customer isn't obligated on a loan but just using services.

20. Should the small farmer measure account for such items as amount of acreage farmed as well as the production value generated?

No; income varies by commodity, not solely by number of acres farmed.

22. With respect to farming, ranching, and aquatic operations performed through legal entities:

a. What young or beginning farmer ownership thresholds should be used to determine that an operation/entity is a young or beginning farmer?

b. How should the percentage of ownership in the entity by individuals that meet the requirements for a young or beginning farmer affect the threshold?

c. If a single person's ownership share is not sufficient to meet the threshold, should more than one person be allowed to jointly meet the threshold?

d. What, if any, overall income threshold should be considered for an entity to be classified as a young or beginning farmer?

Need to look through the entity and to the individuals. Should be no different than looking at all co-borrowers on a loan. If one qualifies as YBS then the loan gets counted.

Thank you again for allowing FCW the opportunity to comment on this important ANPR regarding YBS Farmers. We hope that these comments have provided FCA with some perspective on how the proposed rule can be clarified and improved as the System associations continue to enhance their service to YBS Farmers. FCW appreciates FCA's consideration of the comments submitted as you complete the final rule.

Please contact me if you wish to discuss FCW's comments or need additional information.

Sincerely,



Mark D. Littlefield,
President/CEO