[~118H4169]

119TH CONGRESS 1ST SESSION

- **H.R**.
- To increase market access for Black farmers and socially disadvantaged farmers and ranchers, to ensure civil rights accountability, and for other purposes.

#### IN THE HOUSE OF REPRESENTATIVES

Mr. DAVID SCOTT of Georgia introduced the following bill; which was referred to the Committee on \_\_\_\_\_\_

### A BILL

- To increase market access for Black farmers and socially disadvantaged farmers and ranchers, to ensure civil rights accountability, and for other purposes.
  - 1 Be it enacted by the Senate and House of Representa-
  - 2 tives of the United States of America in Congress assembled,

#### **3** SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Black Farmers and
5 Socially Disadvantaged Farmers Increased Market Share
6 Act".

<sup>(</sup>Original Signature of Member)

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# SEC. 2. FOOD HUB GRANTS TO INCREASE MARKET ACCESS FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.

4 (a) DEFINITIONS.—In this section:

5 (1) AGRICULTURAL FOOD PRODUCT.—The term 6 "agricultural food product" means a raw, cooked, or 7 a processed edible substance, beverage, or ingredient 8 produced and otherwise prepared for sale in the United States (including any insular area (as de-9 10 fined in section 1404 of the National Agricultural, 11 Research, Extension, and Teaching Policy Act of 12 1977 (7 U.S.C. 3103))), derived from one or more 13 agricultural commodities of United States origin, 14 and used or intended for use or for sale in whole or 15 in part for human consumption.

16 (2) DONATED FOOD.—The term "donated
17 food" has the meaning given the term in section
18 250.2 of title 7 of the Code of Federal Regulations
19 (or any successor regulation).

20 (3) ELIGIBLE ENTITY.—The term "eligible enti21 ty" means—

(A) an entity formed by two or more agricultural producers, not less than half of whom
are members of a socially disadvantaged group;
or

(B) a non-profit organization or Tribal or ganization with demonstrated experience work ing with socially disadvantaged farmers or
 ranchers.

5 (4) ELIGIBLE PARTNER.—The term "eligible 6 partner" means a non-profit organization, a State 7 cooperative extension service or a college or univer-8 sity (as such terms are defined in section 1404 of 9 the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)), Trib-10 11 al organization, or other State or local government 12 entities with demonstrated experience in providing assistance such as grants management, technical as-13 14 sistance, and business plan development, to agricul-15 tural producers.

16 (5) FOOD HUB.—The term "food hub" means
17 a business or organization that actively manages the
18 aggregation, distribution, and marketing of source19 identified agricultural food products from producers
20 for wholesale, retail, or institutional markets.

21 (6) SECRETARY.—The term "Secretary" means
22 the Secretary of Agriculture.

23 (7) SOCIALLY DISADVANTAGED FARMER OR
24 RANCHER.—The term "socially disadvantaged farm25 er or rancher" has the meaning given the term in

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1	or modernization, for use in processing, distrib-
2	uting, aggregating, storing, transporting, or
3	marketing agricultural food products;
4	(B) to construct or equip facilities for use
5	in processing, distributing, aggregating, storing,
6	transporting, or marketing agricultural food
7	products;
8	(C) to purchase machinery and equipment
9	for use in processing, distributing, aggregating,
10	storing, transporting, or marketing agricultural
11	food products;
12	(D) for general operating expenses directly
13	related to a food hub, including planning and
14	development related to the establishment or ex-
15	pansion of any food hub;
16	(E) to provide marketing services for agri-
17	cultural food products, including providing plat-
18	forms (such as electronic or web-based plat-
19	forms) for sales, inventory, and aggregation;
20	and
21	(F) to conduct other activities supporting
22	the development or expansion of a food hub, as
23	determined by the Secretary.
24	(3) Application.—

1	(A) IN GENERAL.—An eligible entity seek-
2	ing a grant under this subsection shall submit
3	to the Secretary an application that contains—
4	(i) a description of the activities the
5	eligible entity will carry out to support one
6	or more new or existing food hubs, includ-
7	ing a plan for each such food hub to proc-
8	ess, distribute, store, or market agricul-
9	tural food products for wholesale, retail, or
10	institutional markets;
11	(ii) a description of the ways in which
12	each such food hub that the eligible entity
13	is proposing to establish or expand is de-
14	signed to increase market access for so-
15	cially disadvantaged farmers or ranchers;
16	(iii) except as provided in subpara-
17	graph (B), a description of the eligible en-
18	tity's demonstrated competency to develop
19	and manage each such food hub, provide
20	fiscal accountability, collect data, and pre-
21	pare reports and other necessary docu-
22	mentation; and
23	(iv) any other information, as deter-
24	mined by the Secretary.

1	(B) Requirement to include eligible
2	PARTNERS.—An eligible entity that does not
3	have one or more of the demonstrated com-
4	petencies described in clause (iii) of subpara-
5	graph (A) shall submit to the Secretary in its
6	application—
7	(i) a list of one or more eligible part-
8	ners such eligible entity is partnering with;
9	(ii) the responsibilities of each eligible
10	partner in supporting such eligible entity;
11	and
12	(iii) a description of the demonstrated
13	competencies of the eligible partner or
14	partners in performing such responsibil-
15	ities.
16	(C) ELIGIBLE ENTITIES SERVING AS ELI-
17	GIBLE PARTNERS.—An eligible entity specified
18	in subparagraph (B) of subsection $(a)(3)$ seek-
19	ing a grant under this section may serve as an
20	eligible partner for other eligible entities in one
21	or more grant applications under this sub-
22	section.
23	(4) PRIORITY.—In making grants under this
24	subsection, the Secretary may give priority to grant
25	applications for food hubs that—

1	(A) benefit underserved communities, as
2	defined in section 310B(g)(9)(A)(ii) of the Con-
3	solidated Farm and Rural Development Act (7
4	U.S.C. 1932(g)(9)(A)(ii));
5	(B) aggregate, distribute, and market agri-
6	cultural food products that meet the standards
7	for donated foods, as determined by the Sec-
8	retary; or
9	(C) have not been awarded a Department
10	of Agriculture grant, including a grant under
11	section 210A of the Agricultural Marketing Act
12	of 1946 (7 U.S.C. 1627c), in the preceding or
13	current fiscal year.
14	(5) MAXIMUM GRANT TERM.—The term of a
15	grant under this subsection may not exceed 5 years.
16	(6) No matching funds.—An eligible entity
17	receiving a grant under this section shall not be re-
18	quired to provide non-Federal matching funds with
19	respect to such grant.
20	(c) Prioritizing Purchases for USDA Domestic
21	FOOD ASSISTANCE PROGRAMS.—
22	(1) IN GENERAL.—The Secretary shall establish
23	a process—
24	(A) to prioritize the purchase of agricul-
25	tural food products from socially disadvantaged

1 farmers and ranchers, including from food hubs 2 developed or expanded under this section, for use in Department of Agriculture programs 3 4 that distribute agricultural food products within the United States (including any insular area 5 6 (as defined in section 1404 of the National Ag-7 ricultural, Research, Extension, and Teaching 8 Policy Act of 1977 (7 U.S.C. 3103)); and

9 (B) that is designed to account for barriers 10 to market entry faced by socially disadvantaged 11 farmers and ranchers while maintaining the in-12 tegrity of the purchasing process established 13 under this subsection, including ensuring that 14 any entity that is suspended or debarred from 15 participation in any Federal program is not eli-16 gible to participate in the purchasing process 17 established under this subsection.

18 (2) WAIVERS.—

(A) IN GENERAL.—In establishing the
process described in paragraph (1), the Secretary may provide for the waiver of the full
and open competition procedures for the award
of Federal contracts, section 3324 of title 31,
United States Code, and section 725 of the Agriculture, Rural Development, Food and Drug

1Administration, and Related Agencies Appro-2priations Act, 2001 (7 U.S.C. 2209f), if the3Secretary identifies requirements under such4sections and procedures as presenting barriers5to market entry for socially disadvantaged6farmers and ranchers.

7 (B) NOTIFICATION.—Not later than 10 8 days after providing for any waiver under sub-9 paragraph (A), the Secretary shall notify the Committee on Agriculture of the House of Rep-10 11 resentatives and the Committee on Agriculture, 12 Nutrition, and Forestry of the Senate of such 13 waivers and provide a description of how such 14 waivers would address barriers to market entry 15 for socially disadvantaged farmers and ranchers 16 for a particular agricultural food product.

17 (d) REPORTS.—Not later than December 31, 2026, and each December thereafter until the completion of the 18 19 grants awarded under subsection (b), the Secretary shall 20 make publicly available on the Department of Agri-21 culture's website and submit to the Committee on Agri-22 culture of the House of Representatives and the Com-23 mittee on Agriculture, Nutrition, and Forestry of the Sen-24 ate, a report that includes—

(1) a description of the status of each grant
 awarded under subsection (b);

3 (2) the number of socially disadvantaged farm4 ers and ranchers participating in the food hub sup5 ported by such grant in the previous fiscal year;

6 (3) to the maximum extent practicable, the 7 amount of agricultural food products produced by 8 socially disadvantaged farmers and ranchers proc-9 essed, distributed, aggregated, stored, or marketed 10 by the food hub supported by such grant in the pre-11 vious fiscal year; and

(4) the total amount of donated food purchased
by the Secretary from food hubs supported with
grants awarded under this section in the previous
fiscal year.

(e) AUTHORIZATION OF APPROPRIATIONS.—There
are authorized to be appropriated to carry out subsection
(b) \$100,000,000 for fiscal year 2026, to remain available
until expended.

#### 20 SEC. 3. AGRICULTURE HUB CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of
1986 is amended by adding at the end the following new
section:

#### 1 "SEC. 45U. AGRICULTURE HUB CREDIT.

2 "(a) IN GENERAL.—For purposes of section 38, the
3 agriculture hub credit determined under this section for
4 any taxable year is an amount equal to 25 percent of the
5 qualified food hub expenses for the taxable year.

6 "(b) QUALIFIED FOOD HUB EXPENSES.—For pur7 poses of this section, the term 'qualified food hub ex8 penses' means amounts paid or incurred by the taxpayer
9 during the taxable year—

"(1) for agricultural food products from a food
hub developed or expanded under section 2 of the
Black Farmers and Socially Disadvantaged Farmers
Increased Market Share Act, and

14 "(2) in accordance with a contract certified by
15 the Secretary of Agriculture under section 3(c) of
16 the Black Farmers and Socially Disadvantaged
17 Farmers Increased Market Share Act.

18 "(c) FOOD HUB.—The term 'food hub' has the mean19 ing given such term in section 2 of the Black Farmers
20 and Socially Disadvantaged Farmers Increased Market
21 Share Act.

"(d) TERMINATION.—This section shall not apply to
taxable years beginning after the Secretary determines the
grant program under section 2 of the Black Farmers and
Socially Disadvantaged Farmers Increased Market Share
Act has ended.".

1	(b) Conforming Amendments.—
2	(1) Section 38(b) of the Internal Revenue Code
3	of 1986 is amended—
4	(A) in paragraph (32), by striking "plus"
5	at the end,
6	(B) in paragraph (33), by striking the pe-
7	riod at the end and inserting ", plus", and
8	(C) by adding at the end the following new
9	paragraph:
10	"(34) the agriculture hub credit determined
11	under section 45U(a).".
12	(2) The table of sections for subpart D of part
13	IV of subchapter A of chapter 1 of such Code is
14	amended by adding at the end the following new
15	item:
	"Sec. 45U. Agriculture hub credit.".
16	(3) Section 280C of such Code is amended by
17	adding at the end the following new subsection:
18	"(i) AGRICULTURE HUB CREDIT.—Any deduction or
19	other credit otherwise allowable with respect to an expense
20	for which a credit is allowed under section $45U(a)$ shall
21	be reduced by the amount of the credit under section
22	45U(a) with respect to such expense. If a credit is allowed
23	under section 45U(a) with respect to property of a kind
24	which would properly be included in the inventory of the
25	taxpayer if on hand at the close of the taxable year or

property held by the taxpayer primarily for sale to cus tomers in the ordinary course of the trade or business of
 such taxpayer, opening inventory or purchases shall be re duced by the amount of the credit so allowed.".

5 (c) CERTIFICATION PROCESS.—Not later than 1 year after the date of enactment of this section, the Secretary 6 7 of Agriculture shall issue regulations to establish a process 8 to certify, at the request of entities seeking an agriculture 9 hub credit section 45U of the Internal Revenue Code of 10 1986, as added by subsection (b), that a contract under which expenditures referred to in such section 45U are 11 made---12

13 (1) is not between related parties;

14 (2) is the result of arm's length negotiations;15 and

16 (3) meets any other requirements, as deter17 mined by the Secretary of Agriculture, in consulta18 tion with the Secretary of Treasury.

(d) EFFECTIVE DATE.—The amendments made by
this section shall apply to expenses paid or incurred in
taxable years beginning after December 31, 2025.

#### 22 SEC. 4. CIVIL RIGHTS ACCOUNTABILITY FOR USDA EM-23 PLOYEES.

(a) IN GENERAL.—The Secretary of Agriculture shallensure that officials and employees of the Department of

1 Agriculture are held accountable in accordance with sub-2 section (b) if, while in the course of their employment or 3 in administering a Department of Agriculture program, 4 such officials and employees are found to have engaged 5 in any discriminatory actions, retaliatory actions, harassment, civil rights violations, or related misconduct, includ-6 7 ing any such actions or misconduct involving any of the 8 following:

9 (1) Failure to provide a receipt for service in
10 accordance with section 2501A(e) of the Food, Agri11 culture, Conservation or Trade Act of 1990 (7
12 U.S.C. 2279–1(e)) to any current or prospective ap13 plicants of or participants in Department of Agri14 culture programs.

(2) Providing an inaccurate receipt for service
under such section 2501A(e) to any current or prospective applicants of or participants in Department
of Agriculture programs.

(3) Failure to provide appropriate information
regarding relevant programs and services at the Department of Agriculture, when requested by any current or prospective applicants of or participants in
Department of Agriculture programs.

24 (4) Failure to timely process applications or25 otherwise delaying program services to any current

- or prospective applicants of or participants in, De partment of Agriculture programs.
- 3 (b) TAKING CORRECTIVE ACTION.—The Secretary 4 shall ensure that appropriate corrective action is taken with respect to any official or employee of the Department 5 of Agriculture who has been found to have engaged in any 6 7 of the actions, violations, or misconduct referred to in sub-8 section (a) while in the course of such official's or employ-9 ee's employment or in administering a Department of Ag-10 riculture program—
- (1) in any administrative finding by the Department of Agriculture, including any final agency decision issued by the Assistant Secretary of Agriculture
  for Civil Rights and any civil rights compliance review or misconduct investigation conducted by the
  Department of Agriculture;
- 17 (2) in any administrative or judicial proceeding;
- 18 (3) in any civil rights settlement;
- (4) in any audit or investigation conducted by
  the Office of the Inspector General of the Department of Agriculture; or
- (5) in any investigation conducted by the Officeof the Special Counsel.
- 24 (c) CORRECTIVE ACTION DEFINED.—In this section,25 the term "corrective action" means any action taken to

1	respond to any of the actions, violations, or misconduct
2	referred to in subsection (a) that—
3	(1) would enhance civil rights at the Depart-
4	ment of Agriculture, including any policy or pro-
5	grammatic changes to prevent similar misconduct
6	from occurring in the future; and
7	(2) may include disciplinary actions, includ-
8	ing—
9	(A) removal from Federal service;
10	(B) suspension without pay;
11	(C) any reduction in grade or pay; and
12	(D) letter of reprimand.
13	SEC. 5. EQUITABLE RELIEF.
14	(a) Equitable Relief From Ineligibility for
15	LOANS, PAYMENTS, OR OTHER BENEFITS.—Section 1613
16	of the Farm Security and Rural Investment Act of 2002
17	(7 U.S.C. 7996) is amended—
18	(1) by redesignating subsections $(f)$ through $(j)$
19	as subsections (g) through (k), respectively;
20	(2) by inserting after subsection (e) the fol-
21	lowing:
22	"(f) Equitable Relief by the Assistant Sec-
23	RETARY OF AGRICULTURE FOR CIVIL RIGHTS.—
24	"(1) IN GENERAL.—The Assistant Secretary of
25	Agriculture for Civil Rights (or a designee of the

1 Secretary in the Office of the Assistant Secretary for 2 Civil Rights, if no Assistant Secretary of Agriculture 3 for Civil Rights is confirmed in accordance with sec-4 tion 218(b) of the Department of Agriculture Reor-5 ganization Act of 1994 (7 U.S.C. 6918(b))) may 6 grant relief in accordance with subsections (b) 7 through (d) to a participant who files a civil rights 8 program complaint.

9 "(2) DECISIONS.—The decision by the Assist-10 ant Secretary of Agriculture for Civil Rights (or the 11 designee of the Secretary) to grant relief under this 12 subsection shall not require prior approval by any of-13 ficer or employee of the Department of Agriculture. 14 "(3) OTHER AUTHORITY.—The authority pro-15 vided to the Assistant Secretary of Agriculture for 16 Civil Rights (or the designee of the Secretary) under 17 this subsection is in addition to any other applicable 18 authority and does not limit other authority provided 19 by law or the Secretary.";

(3) in subsection (g), as so redesignated, by
striking "or the State Conservationist" and inserting
"the State Conservationist, or the Assistant Secretary of Agriculture for Civil Rights (or the designee of the Secretary)"; and

(4) in paragraph (1) of subsection (h), as so re designated, by striking "and (e)" and inserting "(e),
 and (f)".

4 (b) EQUITABLE RELIEF FOR ACTIONS TAKEN IN
5 GOOD FAITH.—Section 366 of the Consolidated Farm and
6 Rural Development Act (7 U.S.C. 2008a) is amended—
7 (1) by amending subsection (b) to read as follows:

9 "(b) LIMITATION.—The Secretary may only provide
10 relief to a farmer or rancher under subsection (a) if the
11 Secretary determines that the farmer or rancher—

"(1) acting in good faith, relied on an action of,
or the advice of, the Secretary (including any authorized representative of the Secretary) to the detriment of the farming or ranching operation of the
farmer or rancher; or

17 "(2) failed to comply fully with the require18 ments of a program described in subsection (a)(1),
19 but made a good faith effort to comply with the re20 quirements.";

21 (2) by inserting after subsection (d) the fol-22 lowing:

23 "(e) Equitable Relief by the Assistant Sec24 Retary of Agriculture for Civil Rights.—

1 "(1) IN GENERAL.—The Assistant Secretary of 2 Agriculture for Civil Rights (or a designee of the 3 Secretary in the Office of the Assistant Secretary for 4 Civil Rights, if no Assistant Secretary of Agriculture 5 for Civil Rights is confirmed in accordance with sec-6 tion 218(b) of the Department of Agriculture Reor-7 ganization Act of 1994 (7 U.S.C. 6918(b))) may 8 grant relief in accordance with subsections (a) 9 through (d) to an individual who files a civil rights 10 program complaint.

11 "(2) DECISIONS.—The decision by the Assist-12 ant Secretary of Agriculture for Civil Rights (or the 13 designee of the Secretary) to grant relief under this 14 subsection shall not require prior approval by any of-15 ficer or employee of the Department of Agriculture.

"(3) OTHER AUTHORITY.—The authority provided to the Assistant Secretary of Agriculture for
Civil Rights (or the designee of the Secretary) under
this subsection is in addition to any other applicable
authority and does not limit other authority provided
by law or the Secretary.";

22 (3) by redesignating subsection (e) as sub-23 section (f); and

24 (4) in subsection (f), as so redesignated, by
25 striking "Secretary" and inserting "Secretary, or

the Assistant Secretary of Agriculture for Civil
 Rights (or the designee of the Secretary)".

## 3 SEC. 6. BURDEN OF PROOF FOR NATIONAL APPEALS DIVI4 SION HEARINGS.

5 Section 277(c)(4) of the Department of Agriculture
6 Reorganization Act of 1994 (7 U.S.C. 6997(c)(4)) is
7 amended to read as follows:

8 "(4) BURDEN OF PROOF.—The agency shall
9 bear the burden of proving by substantial evidence
10 that the adverse decision of the agency was valid.".

#### 11 SEC. 7. OFFICE OF THE CIVIL RIGHTS OMBUDSPERSON.

12 Title III of the Federal Crop Insurance Reform and
13 Department of Agriculture Reorganization Act of 1994 (7
14 U.S.C. 2231b et seq.) is amended by adding at the end
15 the following:

#### 16 "SEC. 310. OFFICE OF THE CIVIL RIGHTS OMBUDSPERSON.

"(a) IN GENERAL.—Not later than 120 days after
the date of enactment of this section, the Secretary shall
establish an Office of the Civil Rights Ombudsperson (in
this section referred to as the 'Office') within the Department. The Office shall be independent of Department
agencies and offices.

23 "(b) OMBUDSPERSON DESIGNATION.—The Secretary
24 shall designate a Civil Rights Ombudsperson (in this sec25 tion referred to as the 'Ombudsperson') for the Office. The

Ombudsperson shall be considered a senior official of the
 Department and have a background in civil rights enforce ment.

4 "(c) OFFICE PERSONNEL.—The Ombudsperson shall
5 appoint such employees as are necessary to perform the
6 functions of the Office and for the administration of the
7 Office.

8 "(d) FUNCTIONS.—The functions of the Office shall9 be—

"(1) to assist producers and other customers of
Department programs in navigating the civil rights
review process;

"(2) to ensure that participants (as defined in
section 271) are aware of the appeals process under
subtitle H of title II, including informal hearings
under section 275;

17 "(3) to promote awareness of the Office and its
18 responsibilities among producers and other cus19 tomers of Department programs; and

"(4) to raise issues and concerns with respect
to, and make recommendations to the Secretary
about, equitable access or implementation of Department programs.

24 "(e) Access to Information.—

"(1) IN GENERAL.—Subject to paragraph (2),
 the Secretary shall establish procedures to provide
 the Office access to all departmental records nec essary to execute the functions of the Office under
 subsection (d).

6 "(2) TIMELINES.—The procedures described in 7 paragraph (1) shall include a requirement that re-8 quests from the Office for departmental records 9 shall be fulfilled not later than 60 days after the re-10 quest is made.

11 "(f) ANNUAL REPORT.—Beginning not later than 1
12 year after the date of the enactment of this section, and
13 annually thereafter, the Ombudsperson shall prepare and
14 submit to the House Committee on Agriculture and the
15 Senate Committee on Agriculture, Nutrition, and Forestry
16 a report on—

"(1) the activities carried out by the Office; and
"(2) the findings and recommendations of the
Office with respect to equitable access or implementation of Department programs.

21 "(g) AUTHORIZATION OF APPROPRIATIONS.—There
22 is authorized to be appropriated such sums as are nec23 essary to carry out this section for each of fiscal years
24 2026 through 2028.".