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SOCIALLY DISADVANTAGED FARMERS
AND RANCHERS POLICY RESEARCH CENTER

Section 1006(e) of the Inflation Reduction Act of 2022 (IRA) *Outstanding for Black Farmers*

A number of Black farmer support groups have reviewed revisions to Section 1006(e) of the Inflation Reduction Act of 2022 (IRA) and found the revisions to be outstanding for Black farmers. The IRA provides more funding to more Black farmers than the American Rescue Plan Act or the Build Back Better Act.

The American Rescue Plan Act of 2021 (ARP) would have provided debt relief under Section 1005 to about 3,000 Black farmers with less than \$300 Million in total payments. The 3,000 Black farmers to receive debt relief represent about 8 percent of Black farmers. The other 92 percent of Black farmers would receive some relief from Section 1006(e) under direct payment to farmers, ranchers and forest landowners who were subject to discrimination or bias. Although a final funding allocation was never made for section(e), Black farmers would have had to share \$1.01 Billion with 4 other groups and was likely to receive only \$250 Million. Black farmers and the other Socially Disadvantaged Farmers and Ranchers would have had to apply for funds under this program. A number of lawsuits stopped implementation of Section 1005 debt relief and the assistance to the 8 percent of Black farmers.

The IRA does a number of outstanding things for Black farmers.

First, it takes the \$4 Billion from section 1005 of ARP and creates a new provision that will provide \$3.1 Billion in funding for USDA to provide relief for at-risk agricultural operations. All distressed borrowers of direct or guaranteed loans administered by USDA are potentially eligible for assistance under this provision which is designed to keep these farmers in production.

Second, the IRA revised Section 1006 of ARP and will fund \$2.2 Billion for a program to provide financial assistance to farmers, ranchers or forest landowners who have experienced discrimination or bias in USDA lending programs. Under the new language, financial assistance would go to farmers, ranchers or forest landowners who are "determined to have experienced discrimination prior to January 1, 2021," in USDA farm lending programs. The financial assistance may not be more than \$500,000. Section 1006(e) shall be administered through one or more qualified nongovernmental entities selected by the Secretary, subject to standards set and enforced by the Secretary.

Third, the IRA repeals Section 1005 of the ARP and therefore removes the need for additional court action on a provision that would have only assisted 8 percent of Black farmers with less than \$300 Million of the \$4 Billion that was included in the Act.