

HOUSE RESEARCH

Bill Summary

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Overview

Under current law, the Farmer-Lender Mediation Act will expire on June 30, 2016. This bill would extend the expiration date two years, to June 30, 2018. It also would establish a task force to make recommendations to the legislature and repeal an obsolete law.

First enacted in 1986 in response to a severe farm credit crisis, the Farmer-Lender Mediation Act requires a bank or other creditor to offer mediation to a farmer before enforcing a debt against agricultural property such as land, livestock, or crops. Specifically, the law applies to foreclosure, repossession, cancellation of a contract for deed, and execution of a court order or judgment.

To qualify for mediation, the farmer's debt must exceed \$5,000. If the farmer owns or leases less than 60 acres, the farmer must have sold at least \$20,000 of agricultural products in the previous year.

By law, University of Minnesota Extension coordinates the mediation process.

Section

- 1 Expiration.** Extends the Farmer-Lender Mediation Act for two years.
- 2 Farmer-lender mediation task force.** Requires the Minnesota Department of Agriculture to convene a task force that will provide recommendations to the legislature by February 1, 2017. Task force membership is provided.

Section

- 3** **Repealer.** Repeals a 2015 law that would have extended the Farmer-Lender Mediation Act by one year if the legislature did not meet in regular session during calendar year 2016.
- 4** **Effective date.** All sections are effective the day following final enactment.