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Nick Smith's Press Release - September 29, 2004

Smith Introduces Legislation to Permanently Extend Chapter 12 Bankruptcy Provisions for Farmers

(Washington, D.C.) -- Rep. Nick Smith (R-Addison) today announced at a press conference that he is introducing legislation that would make the provisions of Chapter 12 of the U.S. Bankruptcy Code permanent. Chapter 12 provides bankruptcy protection for family farmers.

Smith, a former Deputy Administrator for the USDA and a member of the House Agriculture Committee, has introduced legislation several times in the past 6 years calling for permanent extension of the Chapter 12 Bankruptcy provisions. Three different temporary extensions that he has sponsored have been signed into law. He introduced his new bill and offered the following remarks at today's press conference:

"Chapter 12 should be made permanent. We're here today to talk about the need for Chapter 12 bankruptcy provisions that are important to family farmers caught in the squeeze of disasters or commodity prices. America's farmers need these flexible bankruptcy provisions. Forcing a farmer to sell the tools that he needs to make a living as part of a reorganization effort is counterproductive. It does not make sense to take away a farmer's land and equipment and expect that he can pay off debt."

Smith said, "According to bankruptcy judges, having lapses in Chapter 12 can be very disrupting to farmers that need the flexibility. If they bring a case to the bankruptcy judge, and there is technically no law on the books, they are forced to wait or use other provisions of the bankruptcy law."

"The politics surrounding this issue concern me. Right now, farmers are relying on Congress to be timely about reenacting the Chapter 12 provisions."

Several organizations have indicated support for Smith and his efforts to make the provisions of Chapter 12 permanent. These include the National Bankruptcy Conference, the National Family Farm Coalition, the National Farmers Union, and the American Farm Bureau Federation.

"The American Farm Bureau Federation applauds Rep. Smith's efforts to extend Chapter 12 provisions. Farm Bureau is a strong advocate for making Chapter 12 bankruptcy laws permanent and we look forward to working with Congress toward this goal," said American Farm Bureau Federation President Bob Stallman.