ICBA Advocacy

Capital Summit

Tuesday | May 13, 2025

8:30 a.m. – 11:00 a.m.

Rural America-Agriculture Committee

MAKE YOUR MARK. **SHAPE THE FUTURE OF COMMUNITY BANKING.**

2025 RURAL AMERICA & AGRICULTURE COMMITTEE MEETING

Notebook Table of Contents

<u>Agenda & Meeting Logistics</u>

ICBA Rural America & Agriculture Committee (RAAC)Meeting Agenda

Tuesday, May 13, 2025, 8:30 a.m. – 11:00 a.m.

(Continental Breakfast outside committee meeting rooms from 7:30 a.m. – 8:30 a.m.)

Link – Committee Landing Page - TBD

Meeting Room - Baltimore 2

8:30 a.m. – Committee Welcome & Introductions

9:00 a.m. – **Farm Bill & FCS Discussion**

USDA Loan Proposals

- Guaranteed Loan Limits
- USDA Express Loan Act

FCS Expansion Proposals

- Essential Community Facilities / Expanded Home lending / RBIC proposal – Expands FCS Ownership from 50% to 75%/ Aquaculture / 1071 Exemption

ACRE / Other Issues

- Acre Status / Tax Bill / MAMBA (Aggie Bonds)

9:45 a.m. – **Break**

10:00 a.m. – **Speakers**

USDA – Lee Nault, Dep. Director of Loan Servicing – Update on Guaranteed Lending

House / Senate Staff (invited) – Perspectives on Farm Bill / Ag & Tax Issues

11:00 a.m. – **Adjourn**

11:15 a.m. – **Group Lunch Meeting**, Woodrow Wilson Ballroom

One Mission. **Community Banks.**

Rural America & Agriculture Committee

Mission Statement

The ICBA Rural America & Agriculture Committee (RAAC) is dedicated to advocating for policies that enhance community banks' ability to meet the unique borrowing needs of the rural communities they represent.

Description

The Rural America & Agriculture Committee (RAAC) is charged with formulating and advocating for the major policies of the trade association relating to rural America and agriculture. Additionally, the committee will assist with and/or provide feedback on relevant legislative and regulatory proposals from Congress and governmental agencies. The committee may be asked to provide recommendations on the development of educational workshops, and the development and review of products and services offerings that assist rural bankers in meeting the needs of their borrowers. Committee members may be asked occasionally to communicate ICBA's perspectives to other community bankers and members of the media.

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TAB 1

The Farm Bill

ICBA
One Mission. Community Banks.

2025

Supporting the Farm Sector & Rural America

As Congress writes a new farm bill, it presents an opportunity to address many needs facing rural America and our farmers and ranchers. A strong farm bill allows producers and their community bank lenders to work together for long-term business planning purposes to ensure producers remain viable regardless of the financial challenges they may face. Incorporating the principles below will ensure a successful farm bill that meets the challenges facing rural America.

ICBA's Key Farm Bill Principles

- **Provide Ample Funding** – Ensure the new farm bill maintains a robust commodity price safety net, boosts rural broadband capabilities and provides USDA upgraded technology to meet stakeholder needs more efficiently.

- **Maintain a Strong Crop Insurance Program** – Provide funding and flexibility to ensure all producers have access to sound risk management tools that can help them withstand severe weather events. A strong crop insurance program helps producers repay loans and maintain access to credit.

- **Enhance USDA Guaranteed Loan Programs** – Increase loan limits on USDA guaranteed farm loans (i.e., $3.5 million for ag real estate and $3 million for annual production loans). Streamline paperwork and application processes for USDA farm and rural development loans. A USDA Express loan program would help quickly meet initial funding needs of producers particularly in the case of young, beginning and small (YBS) farmers. USDA direct loans should complement but not undercut guaranteed loans made by private-sector lenders.

- **Do Not Expand the Powers of the Farm Credit System (FCS)** – FCS, a government sponsored enterprise (GSE) with significant tax and funding advantages over private sector lenders, seeks expanded **non-farm** lending authorities, for example, lending to 'essential community facilities' through quick authorizations of their "investment" authorities without the case-by-case approval of their regulator. ICBA opposes such mission creep for FCS via **non-farm** lending which is inconsistent with their charter as a GSE established to serve agriculture and which would threaten the viability of community banks by shrinking banks' loan portfolios. FCS also seeks many other **non-farm** expanded powers related to non-farm equity investments; rural housing expansions; commercial business loans involved in housing; and relaxed regulatory oversight; etc.

- **Ensure Community Bank Access to All Credit Programs** – Maintain the ability of community banks to serve rural America without enhancing the competitive advantages of privileged, non-bank competitors.

- **Reduce Regulatory Burden and Ensure Fairness** – Require federal agencies to implement regulations fairly and equitably for all stakeholders while reducing regulatory burdens on rural America.

ICBA Backgrounder

Talking Points for Phone Calls to Hill Staff

A couple of issues we strongly support:

- 1) **Increase USDA guaranteed farm loan limits**. With inflation, high production costs and lower farm prices, we need to get the loan limits increased to $3.5 million for guaranteed farm real estate loans and $3 million for guaranteed farm operating loans. The guaranteed loan limit now is only about $2 million. PACE Act – HR 5611. S. 2890. We expect this to be in the farm bill, so it is covered in the grassroots letter and not the phone script, for brevity.

- 2) A **quicker turnaround time** on approving USDA farm loans. SBA has an Express loan where they give decisions within 36 hours of loan submission but have a lower dollar limit and lower guarantee. **USDA Express** would have a $1 million cap and a 75% guarantee on loans up to $750,000 and 50% on remainder to $1 M vs standard 90 percent guarantee. Lenders do all the work and have much higher risk due to the lower guarantee, so lenders will submit strong loans. Please cosponsor HR 5877.

~~Direct Operating Loans~~

- ~~3) We have concerns about **expanding direct operating loan limits** too high as they could compete with traditional bank loans. The proposed increase from $400 K to $750 K could shift a lot of community bank ag loans to USDA. Borrowers could **seek** loan denials from banks to qualify for direct loans since direct loans have lower interest rates.~~

Oppose Farm Credit System Expansion Proposals.

1) **Essential Community Facility loans. FCS wants** to **bypass their regulator's case-by-case approval process** and increase the amount of these loans from **10 percent of total loans** to **15 percent of total assets.** This is a 75% or more increase in ECF loans; doesn't require community bank involvement; and banks already make these loans.

2) It is far broader than just "covering hospitals," but includes fire stations, schools, day care centers, nursing homes, medical facilities, and all kinds of other projects.

3) The FCS also wants to finance any **business minimally involved in serving aquaculture**. FCS could finance big box stores selling a few to an aquaculture producer; or trucking companies that make a small delivery – the proposal is a camouflage to obscure lending to many non-farm businesses that an *agricultural government sponsored enterprise* (GSE) has no business being involved in.

4) FCS is looking for other ways to finance **non-farm businesses**. Please oppose any such efforts.

5) FCS wants to **gain competitive advantages by reducing their compliance** through an exemption or a light sampling procedure for complying with **Section 1071** of the Dodd-Frank Act (small business data collection). All lenders should have the same compliance burden under Sec. 1071**. Congress could exempt all lenders whose loan portfolios have more than 10 percent in agriculture or rural loans.**

6) FCS wants less frequent **exam cycles** of 24 months whereas banks are examined every 12 months. This increases risks to these larger FCS institutions. Community banks are generally examined every 12 months unless they can qualify for an 18-month exam. All lenders should be treated the same.

Discussion

- The FCS's Farm Bill proposals all deal with **non-farm** lending activities.

- What is the Congressman/woman's view of allowing these larger FCS lenders to muscle community banks out of business lending markets.

- We urge you to support your community banks in their efforts to keep our rural communities economically healthy.

Boozman, Thompson, Klobuchar talk farm policy, SNAP cut in reconciliation

By JERRY HAGSTROM

Senate Agriculture Committee Chairman John Boozman, R-Ark., and House Agriculture Committee Chairman Glenn Thompson, R-Pa., said Tuesday they are determined to include more money for basic farm subsidies and crop insurance in the reconciliation bill but are not yet certain how to handle a cut to the Supplemental Nutrition Assistance Program (SNAP).

Boozman and Thompson and Sen. Amy Klobuchar, D-Minn., ranking member on the Senate Agriculture Committee, spoke in separate sessions to the North American Agricultural Journalists. Rep. Angie Craig, D-Minn., ranking member on House Agriculture, canceled a scheduled appearance because she was announcing her candidacy for the Senate to succeed retiring Sen. Tina Smith, D-Minn.

Boozman said he hopes the reconciliation bill can update "risk management" programs for farmers, which he later confirmed means the reference prices that trigger the agriculture risk coverage (ARC) and price loss coverage (PLC) programs and crop insurance.

"Right now, unless you are in the cattle business, it is going to cost you more to grow that crop than what you are going to receive," Boozman said. Bankers, he noted, told Congress that they could not finance farmers this year if farmers did not get the $10 billion that was in the funding bill that passed at the end of 2024.

Sen. John Boozman, R-Ark.

Boozman noted that the Supplemental Nutrition Assistance Program (SNAP) contains a provision to account for inflation but farm programs do not. Boozman maintained that addressing basic farm programs and SNAP in the reconciliation bill will make it easier to pass a farm bill that deals with other programs, but some Democrats have said the opposite.

Boozman said he agrees with Health and Human Services Secretary Robert Kennedy Jr. that diets need to improve to avoid diabetes but he also said that Kennedy, who last week said sugar is "poison," needs to "be careful about going too far. Some of the things he is talking about don't fall within his jurisdiction."

Boozman added that saying sugar "is poison is pretty extreme" and that statements about food need to be based on "sound science and common sense."

On Arkansas Republican Gov. Sarah Huckabee Sanders' plan to ask the Agriculture Department for a waiver to stop SNAP participants from buying sweetened beverages with their benefits, Boozman said that issue has come up before in farm bill debates but now "has a lot more momentum." There are "concerns" about how a waiver would be administered, he said.

Boozman said there will be no cuts to current SNAP benefit levels in the reconciliation bill.

The Senate reconciliation bill instructions call for only a $1 billion cut to programs under the Senate Agriculture Committee's jurisdiction, but the House instructions are for $230 billion.

Thompson said he also favors including increases for ARC, PLC and crop insurance in the reconciliation bill and that he would be "more comfortable" with a lower cut than $230 billion, which is expected to come at least mostly from SNAP.

Thompson also said he is not "looking to cut benefits" in the SNAP program, but he appeared more open to proposals to require the states to pay part of the SNAP benefit. Thompson noted that "states are now trying to define and tweak SNAP when they don't pay for them."

Rep. Glenn Thompson, R-Pa.

Thompson said he believes the House Agriculture Committee will mark up its portion of the reconciliation bill next week.

Thompson pointed out that he wants to make SNAP benefits available to former prisoners and to eliminate the so-called "poverty cliff" that means people who get a small increase in pay can lose their "safety net."

Thompson called Kennedy's statement that sugar is poison "a personal opinion." When a reporter pointed out that Kennedy is the nation's top health official, Thompson said, "So what?" He added he would "love to have a day with him to explain how healthy our commodities are."

Thompson praised the Trump administration and Agriculture Secretary Brook Rollins in particular for being open to feedback.

Klobuchar said she is "very disturbed" by the actions the Trump administration is taking on the rural economy. With tariffs, Klobuchar said, "small farmers are roadkill."

Klobuchar said her Republican colleagues are also worried, but the question is whether they will "stand up and vote" against Trump policies.

There is a lot of support for sustainable aviation fuel, now called synthetic aviation fuel, which could be given certainty through the 45Z guidance process, Klobuchar said.

Republicans need to “be careful” about raising reference prices that trigger farm subsidies in reconciliation, Klobuchar said.

If the Senate goes “too deep” into SNAP cuts, it will be hard to pass a farm bill, she said.

Sen. Amy Klobuchar, D-Minn.

House Ag planning two-day markup, starting Tuesday

Oliver Ward (/browser?url=https%3A%2F%2Fwww.agri-pulse.com%2Fauthors%2F684-oliver-ward&traceToken=1746725372;icba_hosted;https:/agri-pulse.us12.list-mana&clickId=F938BA46-5AAD-467B-B640-C8B573A74ECD) and Rebekah Alvey (/browser?url=https%3A%2F%2Fwww.agri-pulse.com%2Fauthors%2F614-rebekah-alvey&traceToken=1746725372;icba_hosted;https:/agri-pulse.us12.list-mana&clickId=F938BA46-5AAD-467B-B640-C8B573A74ECD)

May 7, 2025

The House Agriculture Committee is planning to mark up its portion of the GOP's reconciliation bill on Tuesday and Wednesday next week, with opening statements beginning on Tuesday night and votes taking place Wednesday.

The bill text is still expected to land as early as this weekend.

“I don't like to surprise anybody,” committee Chair Glenn "GT" Thompson, R-Pa., told reporters on Wednesday. “Everybody will have it to chew on over the weekend.”

Some other House committees are still finalizing plans to meet their spending reduction targets to pay for the mega-bill’s tax perks. The Energy and Commerce Committee, for example, is still trying to assemble $880 billion by overhauling Medicaid, while Ways and Means Committee Republicans are duking it out over how much to increase the state-and-local-tax deduction, known as SALT.

House Speaker Mike Johnson, R-La., on Wednesday signaled the GOP would drop some of the more aggressive Medicaid cuts under consideration.

But Thompson and others said that delays in other committees are not likely to influence the Ag Committee timeline.

“Each committee certainly is working independently of each other,” Ag Committee member Mark Harris, R-N.C., said, adding that he is “coming back next week with the intention … for markups to happen next week for ag, so I have not heard any differently.”

Rep. Frank Lucas agreed, telling *Agri-Pulse* that nobody has discussed reducing the Agriculture Committee instructions in light of House leadership’s signal to drop some Medicaid cuts from the Energy and Commerce Committee’s reconciliation plan.

The Agriculture Committee has been tasked with finding $230 billion in savings, but the spending cuts will have to be higher than that to offset the cost of farm bill programs that Republicans want included, like commodity programs and crop insurance.

“The Ag Committee has to come up with the resources somehow to be able to do the next farm bill. That's just a necessity,” Lucas said. Lucas added that the committee had also still not made a final decision on how to handle one of the more controversial provisions around getting states to share some of the costs of the Supplemental Nutrition Assistance Program.

“This is as clear as mud. Everything’s in movement,” Lucas said.

Rep. Derrick Van Orden, R-Wis., has proposed tying states’ cost-share to error rates, to incentivize efficient program management.

Thompson also said Wednesday that there would be some “additional pay-fors coming forward,” a point Rep. Don Bacon, R-Neb., also made in comments to *Agri-*Pulse. But neither elaborated on what those might be.

But Thompson is confident the proposals will get to the $230 billion figure.

“The math works,” he noted.

Thompson also stressed to reporters on Wednesday that the SNAP reforms will enhance the program "for those who are struggling in poverty."

"That's the beauty of what we do. We can. We can do improved program integrity," Thompson said, "and at the same time, give us pay-fors to do what we need to do."

On the Democratic side, Ag Committee lawmakers met last week to go over how they will approach the markup. But Hawaii Democrat Rep. Jill Tokuda told *Agri-Pulse* earlier this week that lawmakers at the time didn't have a strong idea of what the GOP proposals would look like.

"It really was just preparing for what will we be looking to defend against," Tokuda. "

Rep. Jim Costa, D-Calif., said Wednesday that Democrats are continuing to "have conversations" ahead of Tuesday and Wednesday's markup.

"We'll see how that all unfolds," Costa said.

For more news, go to Agri-Pulse.com (/browser?url=https%3A%2F%2Fwww.agri-pulse.com%2F&traceToken=1746725372;icba_hosted;https:/agri-pulse.us12.list-mana&clickId=F938BA46-5AAD-467B-B640-C8B573A74ECD).

Oliver Ward (mailto:oliver@agri-pulse.com)
Trade Editor

Republicans eye putting agriculture conservation programs in budget plans

It's the latest indication that lawmakers doubt their ability to pass a bipartisan farm bill this year. BY: **GRACE YARROW**

Senate Agriculture Chair John Boozman (R-Ark.) and House Agriculture Chair Glenn Thompson (R-Pa.) speak at an event.

House and Senate Republicans are weighing whether to add Biden-era agriculture conservation programs to the GOP's budget plans, according to three people familiar with the talks.

One of the people, all of whom were granted anonymity to discuss internal deliberations, said it's "likely" that Agriculture Committee Republicans will pull Inflation Reduction Act conservation program dollars into their reconciliation policy package by adding the funding into the farm bill baseline.

The maneuver would mean that the money is reinvested in the farm bill over time and ultimately give lawmakers more funds to work with. But Republicans will likely push to remove climate-related guardrails on the IRA programs, a signature Biden administration initiative, as they have during previous negotiations.

The talks are yet another indication that lawmakers doubt their ability to pass a new, bipartisan farm bill this year. Republicans are also considering including two key farm bill provisions — increased reference prices and updated crop insurance for farmers — in their reconciliation text, the same person said.

Republicans, who previously rejected a similar push from Democrats to add the conservation money to the farm bill, are now open to adding certain programs to other legislation as U.S. producers grapple with economic headwinds and an outdated farm safety net.

Meanwhile, House Republicans are working to find $230 billion in agriculture spending cuts to pay for President Donald Trump's sweeping policy agenda, a push that could result in significant cuts to the nation's largest anti-hunger program.

Agriculture Committee members are expected to mark up their portion of the massive bill next week, but some conservative hard-liners outside of the committee who typically vote against major agricultural subsidies could eventually shoot down the inclusion of any farm provisions.

The conservation programs, which fund climate-smart agriculture practices, are extremely popular with farmers and have long been oversubscribed. Even with the roughly $20 billion plus-up the programs received in the IRA, demand still exceeds supply.

Democrats previously tried to move the conservation dollars into the farm bill baseline during negotiations during the year-end budget process. But talks fell apart because GOP leadership rejected the plan and some Republicans wanted to eliminate the climate parameters attached to the programs.

ARC & PLC
Vastly Different Visions

Commodity	Units	Current Statutory Reference Price	House Ag Committee Statutory Reference Prices		Senate Majority Proposed Statutory Reference Prices	
			$	% Increase	$	% Increase
Corn	bu	$3.70	$4.10	10.8%	$3.89	5%
Sorghum	bu	$3.95	$4.40	11.4%	$4.15	5%
Barley	bu	$4.95	$5.45	10.1%	$5.20	5%
Oats	bu	$2.40	$2.65	10.4%	$2.52	5%
Soybeans	bu	$8.40	$10	19.0%	$8.82	5%
Wheat	bu	$5.50	$6.35	15.5%	$5.78	5%
Seed Cotton	lb	$0.367	$0.42	14.4%	$0.385	5%
Rice	cwt	$14.00	$16.9	20.7%	$14.70	**5%**
Peanuts	ton	$535	$630	17.8%	$561.75	**5%**
Other Oilseeds	cwt	$20.15	$23.75	17.9%	$21.16	**5%**
Dry Peas	cwt	$11.00	$13.1	19.1%	$11.55	5%
Lentils	cwt	$19.97	$23.75	18.9%	$20.97	5%
Small Chickpeas	cwt	$19.04	$22.65	19.0%	$19.99	5%
Large Chickpeas	cwt	$21.54	$25.65	19.1%	$22.62	5%

www.agri-pulse.com/articles/22858-rollins-usda-reorganization-plan-coming-next-week-says-less-drastic-than-some-fear

Ag Secretary Brooke Rollins speaks with members of the National Association of Farm Broadcasting at the USDA during the group's annual Washington Watch event. (Photo: Lydia Johnson)

Rollins: USDA reorganization plan coming next week, says less 'drastic' than some fear

Lydia Johnson (/browser?url=https%3A%2F%2Fwww.agri-pulse.com%2Fauthors%2F496-lydia-johnson&traceToken=1746725372;icba_hosted;https:/agri-pulse.us12.list-mana&clickId=F938BA46-5AAD-467B-B640-C8B573A74ECD) and Philip Brasher (/browser?url=https%3A%2F%2Fwww.agri-pulse.com%2Fauthors%2F1-philip-brasher&traceToken=1746725372;icba_hosted;https:/agri-pulse.us12.list-mana&clickId=F938BA46-5AAD-467B-B640-C8B573A74ECD)

May 6, 2025

Agriculture Secretary Brooke Rollins said Tuesday the department will unveil its reorganization plan next week and it won't be as "drastic" as many have feared.

Speaking to members of the National Association of Farm Broadcasting, Rollins confirmed that about 15,000 USDA employees had taken buyouts since President Donald Trump took office but said the department normally loses about 8,000 to 10,000 annually through normal attrition.

"So, while 15,000, you know, is blasting across a lot of headlines right now, at the end of the day through the [Deferred Resignation Program], hopefully the goal is that it isn't too much of a difference," she said.

The department started with about 106,000 employees, she said.

She also reiterated that the reorganization plan would likely shrink the department's footprint in the nation's capital but didn't say by how much.

"We are right-sizing. We are, quote, 'downsizing.' But I don't think it is as drastic, perhaps, as a lot of people are looking at it," she said.

She stressed that the department was preserving Farm Service Agency field staff and Forest Service wildland firefighters."We've not accepted the recent DRPs from either one of those groups and have signed a memorandum that no funding freeze or spending freeze or hiring freeze will apply to any of those front-liners or our firefighters," Rollins said, referring to the buyout process, called the deferred resignation program, or DRP. "So, I feel very confident in the plan.""We have put a huge effort on ensuring that those remain fully staffed, and in fact become better staff," she said.

Later in an appearance before the Senate Agriculture Appropriations Subcommittee, Rollins said it is not in USDA's plan to close any of the 4,500 FSA field offices. She said FSA is trying to be more effective with online assistance so that in the future farmers and ranchers won't need to rely on the office staff as much.

For more news, go to Agri-Pulse.com (/browser?url=https%3A%2F%2Fagri-pulse.com%2F&traceToken=1746725372;icba_hosted;https:/agri-pulse.us12.list-mana&clickId=F938BA46-5AAD-467B-B640-C8B573A74ECD).

Tab 2

USDA GUARANTEED FARM LOANS

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The “USDA Express Loan Act”

As Congress writes a new farm bill in 2025, it presents an opportunity to address many needs facing farmers and ranchers. This includes quick and efficient disbursement of USDA Guaranteed farm loans. Both lenders and their farm and ranch customers need to obtain USDA guaranteed loans on a timely basis. USDA Express would address this need by providing loan approvals within 36 hours from when lenders submit loan applications, much like the SBA Express loan program.

USDA Express Loans

- **Quick funding:** the intent is to quickly release funds to farmers and ranchers in a safe and sound manner. The Usual disbursement time frames for a USDA Guaranteed loan can range from a few weeks to 60 days and in some cases, up to 6 months. Under the Express program, a borrower will receive approval or rejection of their application within 36 hours of submission. Borrowers will be able to use the quick distribution of funds for purchasing feed, seed and fertilizer to plant crops and other timely needs while waiting for the remainder of their guaranteed loan financing.

- **Lender Guarantee**: Currently, the USDA guarantees 90 percent of the principal to the lender if the borrower defaults. Express loans would offer a reduced guarantee in exchange for a quick turnaround time. For loans up to $750,000 the guarantee would be 75 percent. For loans between $750,000-$1,000,000, the guarantee would be 50 percent. The lower guarantee means that bankers have substantially more to lose in the case of defaults. The much higher exposure to loss will lead to strong due diligence by lenders who will only submit the strongest loans possible while also doing all the work on the loan, thus freeing up limited USDA staff resources

- **Lower disbursement amount:** the loan is capped at $1,000,000. The lender would receive the Express funding as an upfront differential from the rest of their USDA Guarantee amount. For example: With a potential $3 million loan cap for operating loans, a farmer could apply for a USDA Express operating loan of $750,000 while the remainder of their overall loan application (i.e., $2.25 million) is pending but which may not be available and 30 to 60 days.

The legislation is backed by four major trade groups: ICBA, the Farm Credit Council, the American Bankers Association, and the National Rural Lenders Association and is based on an existing successful program at SBA (SBA Express loans). For further information, please contact Mark.Scanlan@icba.org or Scott.Marks@icba.org.

SBA Express loan versus proposed USDA Express loan program:

Description	SBA Express Loan	Proposed USDA Express Loan
Maximum loan amount	$500,000	$1 Million
Maximum SBA guarantee percent	50% guaranteed	50-75% depending on size of loan
Eligibility	Determined by Lender (SBA)	USDA – Agriculture purposes only
Turnaround time for loan (important)	36 hours	Proposed: Same
Forms	Lender primarily uses own forms and procedures, plus SBA Form 1919	Proposed: Same / similar
Collateral	May use existing collateral policy for loans over $25,000 up to max. loan limit (SBA).	Proposed: similar
Credit decision	Made by lender	Same

SEC. 5109. PROMPT APPROVAL OF LOANS AND LOAN GUARANTEES.

“(1) REAL ESTATE AND OPERATING GUARANTEED LOANS.—

“(A) IN GENERAL. —The Secretary shall provide lenders a short, simplified application form for real estate and operating guaranteed loans under this title, for loans of not more than $1,000,000.

10 “(B) NOTICE.—Within 5 business days after receipt of an application to guarantee a farm ownership or operating loan that meets the requirements under subparagraph (A) originated by a ~~USDA preferred~~ lender experienced in making USDA guaranteed loans, the Secretary shall notify the lender as to whether the application is approved or disapproved, provided that the lender has determined the borrower eligible and has submitted a loan application showing the borrower is credit worthy.

“(C) REPORT.—Not later than 1 year after the date of enactment of this section, and annually thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report examining the actions taken to achieve the goal of approving guaranteed loans under this program within 3 business days not later than three years after the date of enactment of this section.

“(C) MAXIMUM GUARANTEE.—The percentage of the principal amount of a loan which may be guaranteed pursuant to this paragraph shall not exceed—

“(i) 90 percent, in the case of a loan not exceeding $125,000;
“(ii) 75 percent, in the case of a loan of more than $125,000 and not more than $500,000; or
“(iii) 50 percent, in the case of a loan of more than $500,000 and not more than $1,000,000.”; and

PACE ACT

HOEVEN, KLOBUCHAR INTRODUCE CAPITAL FOR FARMERS AND RANCHERS ACT

Producer and agricultural credit enhancement (PACE) Act S 899 & HR 1191

House PACE: increases Guaranteed Loans:

- Operating Loans from $2.25 M to **$3 M**
- Ownership Loans from $2.25 M to **$3.5 M**

House: PACE increases Direct Loans:

- Operating Loans from **$ 400,000 to $750,000**
- Ownership Loans from $600,000 to $850,000.
- Index direct loan limits to inflation

Senate PACE – Guaranteed Loans:

- Operating Loans from $2.25 M to **$3** M
- Ownership Loans from $2.04 M to **$3.5** M

Senate PACE increases Direct Loans:

- Operating Loans from **$400,000 to $750,000**
- Ownership Loans from $600,000 to $850,000.
- Index direct loan limits to inflation

PACE Act also allows:

Secretary & producers to convert "distressed" guaranteed loans into direct loans if:

- Secretary determines loan is distressed.
- Producer has tried to work loan out with lender but has been unsuccessful.
- Borrower has a reasonable chance of success

Reasonable Chance of Success means:

- All problems identified and upon correction can be returned to a sound financial basis.

ICBA Recommendations

- Rare circumstances / producer in foreclosure or bankruptcy etc.

Farm Service Agency Loans Over $500,000 Will Now Require DOGE Oversight

5/1/2025 | 6:57 PM CDT By DTN Ag Policy Editor

A new memo first reported by Reuters details that USDA's Farm Service Agency loans over $500,000 now will require approval by the Department of Government Efficiency (DOGE). Loans to corporate entities also would require approval by DOGE. (DTN file photo by Katie Dehlinger)

OMAHA (DTN) -- More than one-third of USDA farm-loan dollars to farmers -- at least $1.7 billion, based on recent data -- now will need approval not only from the Farm Service Agency but also the Department of Government Efficiency (DOGE), according to a Reuters report.

Reuters on Wednesday first reported a memo from Houston Bruck, FSA's deputy administrator for farm loan programs. The memo, Reuters reported, details a new policy that all direct and guaranteed loans over $500,000 will require clearance from the Office of the Secretary and DOGE to ensure lending complies with an executive order from President Trump on government cost efficiency.

Along with the approval for loans of $500,000 or higher, other loans to "formal entities" such as corporations will also need approval from the Secretary's office and DOGE, Reuters reported.

"We recognize the potential impact that this effort may have on our customers, lending partners, and FSA staff, and are committed to ensuring minimal disruption to service delivery," Bill Beam, USDA's Farm Service Agency administrator, stated in a note that went along with the memo, according to Reuters. Beam is a Pennsylvania farmer who was appointed to lead FSA in late March.

It's unclear how DOGE would determine if a farm loan application meets the president's rules for cost efficiency.

USDA's communications team, in response to DTN, stated to fulfill Executive Order 14222 from the White House, "The USDA Efficiency Team reviews many loans, guarantees, and payments.

While most direct aid to individuals is exempt from the process, the team does assess payments over $500k for fraud and national security concerns. These reviews are currently prompt and without undue delay to the program recipient."

A USDA report to Congress by the Biden administration detailed farm loans in Fiscal Year 2023. FSA that year provided 22,600 direct and guaranteed loans to producers totaling $4.7 billion.

A review of that report by DTN showed more than $1.7 billion in loans to nearly 2,200 producers would have been forced to undergo added reviews by the Office of the Secretary and DOGE.

Nearly two-thirds of direct loans to producers are operating loans, according to FSA. Direct loans are capped at $600,000.

In FY 2023, FSA approved 997 direct loans to producers for $500,000 or larger, or about 5.4% of all direct loans to producers. In terms of dollar figures, the larger loans take up a bigger slice of FSA's loan portfolio. Direct loans over $500,000 amounted to $572 million, or more than 20% of all direct loan dollars issued by FSA that year.

An FSA spreadsheet breaking down direct loans by state shows Iowa, Oklahoma, Nebraska, Kansas and Arkansas, in that order, had the most direct loans in FY 2023 that topped $500,000.

Guaranteed loans are backed by USDA but are issued by banks or Farm Credit institutions. The majority of guaranteed loans are used to buy a farm property, but they can also be used for operating loans. Guaranteed loans have a $2.2 million cap.

FSA approved 1,190 guaranteed loans to producers over $500,000 in FY 2023. Guaranteed loans over $500,000 totaled $1.17 billion, or nearly 59% of all loan guarantees approved by FSA.

Corn and soybean producers are the biggest sector for guaranteed loans, though USDA statistics show the guaranteed loan volumes are more balanced by sector than direct loans. Established farmers also take up a larger share of guaranteed loans instead of beginning farmers, according to FSA data.

FSA data shows producers in Arkansas, Missouri, Ohio, Louisiana and Minnesota, in that order, were the largest users of guaranteed loans over $500,000 in FY 2023.

A spokeswoman for Sen. John Boozman, R-Ark., chairman of the Senate Agriculture Committee, responded to DTN on Thursday that committee staff were still trying to get information from USDA about the change in loan approvals.

Sen. Amy Klobuchar, D-Minn., ranking member of the Senate Agriculture Committee, issued a statement questioning why the Trump administration would make it more complicated for farmers to get USDA loans. "With rising input costs and trade chaos already creating uncertainty for farmers, making it more difficult to access federal loans could mean the difference between survival and being forced to shut down. These producers often have no other options for credit, and delays in approving operating loans could prevent farmers from getting crops in the ground or animals fed. I urge the administration to ensure the personal information of farmers is protected and that this doesn't lead to unnecessary delays or denials for our farmers."

Congress has been looking to increase FSA loan limits because of higher land values and input costs. Under the House farm bill last year, guaranteed loan limits for farm ownership would increase to $3.5 million and limits for FSA direct operating loans would increase to $750,000.

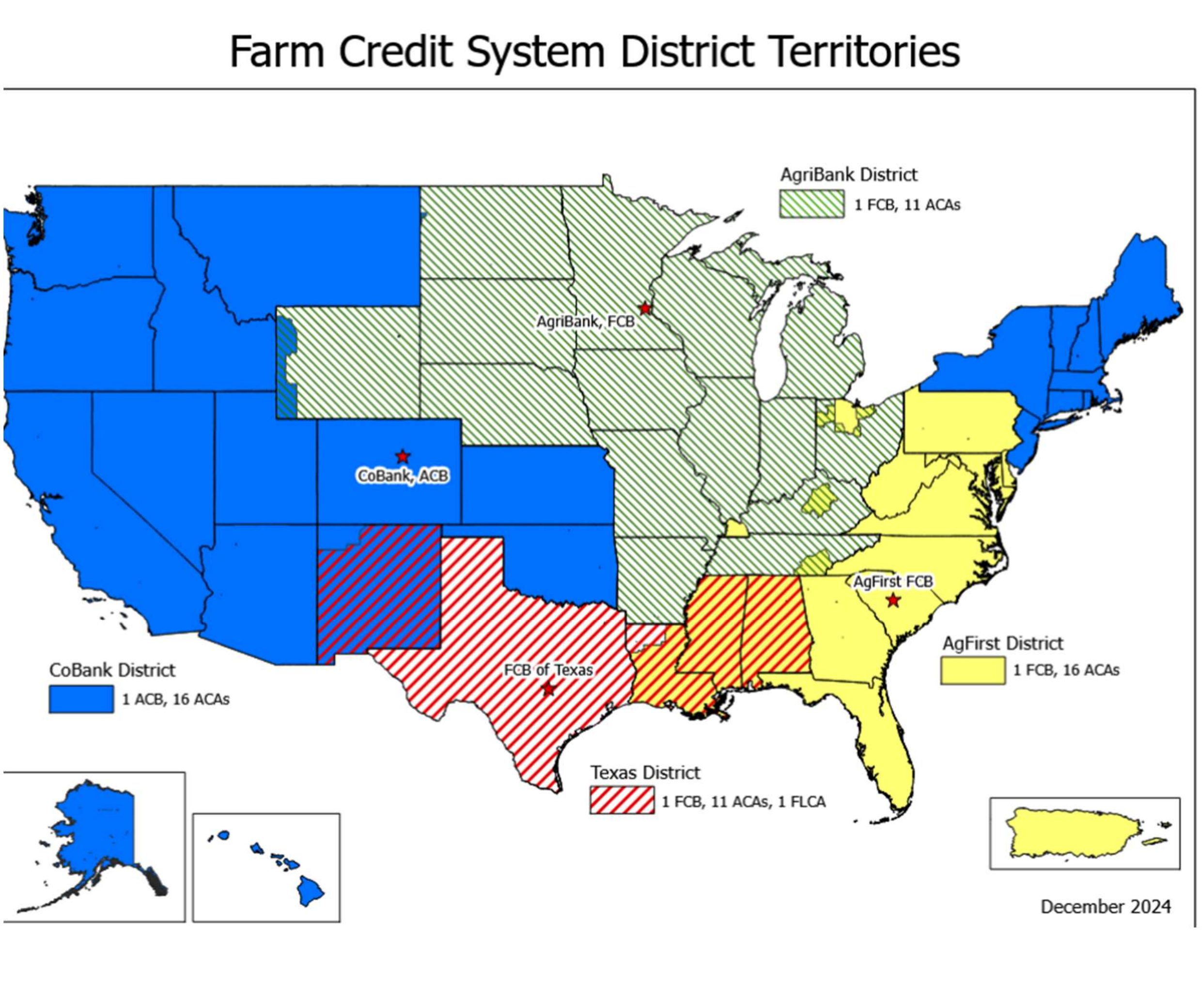
Repayment terms for direct operating loans are scheduled from one to seven years. Financing for direct farm ownership loans cannot exceed 40 years. Interest rates for direct loans are set periodically according to the government's cost of borrowing. Guaranteed loan terms and interest rates are set by the lender, USDA stated in a recent news release reminding producers that the department offers loans.

USDA this week has been touting its first 100 days in office with multiple news releases. On Thursday, a news release stated Agriculture Secretary Brooke Rollins "has worked to put Farmers First and reverse the woke Diversity, Equity, and Inclusion (DEI) agenda of the Biden administration." Rollins touted canceling 3,000 contracts and grants totaling $5.5 billion.

"I look forward to finishing our work of cleaning out Biden's bureaucratic basement and moving forward with this Administration's priorities that put American farmers first," Rollins said in the release.

Tab 3

Farm Credit System



ICBA
One Mission. Community Banks.

2025

FCS Seeks Vast New Lending Powers

The Farm Credit System (FCS) seeks broad new expanded powers aimed at generating tens of billions of dollars per year of new financing in the farm bill. The new lending powers are for markets already well served by community banks. These new powers could threaten community bank lending and the economic sustainability of rural communities if community banks exit those communities due to the inability to compete with a heavily subsidized *government sponsored enterprise (GSE).*

FCS Desires Massive Non-farm Lending Powers & Less Oversight

H.R. 1246 -- The "Investing in Rural America Act" – Allows the FCS to dramatically expand amount of Essential Community Facility (ECF) loans FCS lenders can make – over $60 billion based on 2024 outstanding loans – an amount that would increase every single year. Allows FCS to bypass their regulator's case-by-case approval process. Such lending could displace community banks from these markets unless adequate protections are in place. Very loosely defined definition of ECFs, potentially allowing FCS to finance Mainstreet small businesses (grocery stores etc.).

The "FARM Home Loans Act" – (118th Congress) This legislation expands FCS's home mortgage authority from the status quo of towns of 2,500 to towns of 10,000 – a 300 increase. Would also allow for "accessory dwellings" like guest houses. Home loans are an essential loan product community banks offer. With their tax exempt status on home loans, FCS would undercut the private sector. Over 75 percent of all towns and cities have fewer than 5,000 residents and 42 percent of these have less than 500 residents.

H.R. 2518 / S. 1217 – The Support the Commercial Fishing Industry Act – Allows the Farm Credit System to lend to any business that serves aquaculture. It appears that even businesses NOT primarily oriented towards aquaculture would qualify, opening FCS lending to a vast range of small and large commercial businesses under the guise of serving aquaculture producers.

Rural Business Investment Corporations (RBIC) – Included in the 2024 version of the House farm bill. Allows FCS lenders to own up to 75 percent of a RBIC (FCS can own 50 percent per the 2018 farm bill) if the RBIC finances **ineligible non-farm** activities. Would allow FCS to form RBIC labeled non-farm small business lending corporations nationwide. Removes the "Farm" from Farm Credit System.

H.R. 1063 -- The "Farm Credit Administration Independent Authority Act" – Permits laxer regulations for complying with financial regulations, like sec. 1071, that all other lenders need to comply with, providing FCS with competitive advantages over community banks. All lenders should have equal compliance burdens.

H.R. 6564 the "Farm Credit Adjustment Act" – (118th Congress) Expands the exam cycle for FCS lenders o 24 months verses current 18-month cycle. Gives FCS advantages over community banks which are examined every 12 - 18 months. **Relaxes exam oversight over FCS while FCS seeks dramatic expansion, thereby increasing safety and soundness risks to the entire FCS.**

ICBA's Antagonist – FCS's Non-Farm Agenda

Expand FCS financing for "essential community facilities" (hospitals / health care clinics, etc.)

Fishing related businesses to borrow from farm credit.

Increase FCS home loan authority to towns of 10,000 population verses 2500 population.

Exempt FCS institutions from Sec 1071 (small business data collection) except for small farmers.

Reduce examination frequency of FCS institutions. – 2 years

Authorize FCS to own 75% of investment corporations (vs 50% now) to finance non-eligible small businesses.

Expand FCS authority to financ exports

April 18, 2024

Farm Credit Expansion Agenda

FCS Seeking Lending Authorities for 'Essential Community Facilities.'

- Broadly defined – includes hospitals, fire stations, schools, roads, bridges
- Effort to circumvent case-by-case loan approval by their regulator
- FCS suggests require one non-FCS lender involved.

Expand FCS RBIC Authority

- Now can have up to 50% ownership and engage in non-FCS eligible activities.
- FCS desires to own up to 75% of a RBIC while engaging in non-FCS eligible activities.

ECFs In southwest Wisconsin

For profit:

- Connected Chiropractic
- Lancaster Dental
- The Dental Office
- Bennett's Automotive (snowplowing, automotive)
- Childcare facility construction
- Sleep Inn Hotel
- Southwest Veterinary Services
- Okey's Supermarket

Non-Profit

- LaValle Telephone Cooperative (fiber infrastructure)
- Scenic Rivers Energy Cooperative (electric company)
- Lemonweier Telephone Cooperative
- Grant Regional Health Center (hospital)
- Gunderson health clinic in Elroy
- Hillsboro Hospital
- Southwest Opportunities Center (work for disabled and mentally challenged adults)
- Many school districts for purchasing property, school buildings, school busses and vans, computers and equipment, repairs, general operating and lines of credit
- Many villages, townships, cities and counties for constructing jails, ADRC elderly services building, first responder communication towers and fiber lines, municipal buildings, road repairs, new roads, fire trucks, electric and work vehicles, solar panels, sewage treatment plants, wells, police cars, bridge loan financing.

Examples of Loans to entities that fall under the ECF in our portfolio:

Deerfield Nursing and Re-Hab

Thurman Robinson Mortuary

Honey's Childcare

Philips Family Pharmacy

McDowell Johnson Halfway House

R-2 Rentals

NAPA of Winnsboro

West Carroll Fire District

Ward III Fire Department

Richland Parish Hospital

Ashley County Medical Center

Family Clinic

Free and Accepted Masons of Arkansas

Be Thrifty

Cosby Greenhouse

City of Crossett

Pharmacy Care, LLC – Susie Davis

I am not aware of any financial need that has been requested and not fulfilled.

ICBA Opposes

FCS has no evidence that a lack of financing exists.

Community banks already finance community facilities.

The definition of ‘essential community facilities’ is very broad and provides vast new non-farm lending authority to the FCS.

FCS was created as a GSE to specifically serve agriculture.

FCS’s proposal to require at least one non-FCS lender in the loan is worthless as such a lender could be a large national bank or large credit union, thus completely excluding community banks.

FCS is a GSE with tax and cost-of-funds advantages - FCS undercuts commercial lenders.

FCS VS BANKS LOANS R.E. & OPERATING

	2018	2019	2020	2021	2022	2023	2024	2025
Total farm debt 8/	402.6	420.5	441.3	474.3	496.2	519.0	542.0	561.8
Real estate	245.8	267.9	288.6	324.4	334.4	344.6	360.2	374.2
Farm Credit System	**113.0**	**125.2**	**140.5**	**158.1**	**164.6**	**168.0**	NA	NA
Farm Service Agency	6.6	8.0	9.3	10.6	11.4	**12.4**	NA	NA
Farmer Mac	6.5	7.6	8.7	9.5	10.0	**10.1**	NA	NA
Commercial banks	**92.9**	**97.9**	**96.8**	**100.8**	**107.0**	**108.8**	**NA**	**NA**
Life insurance companies	15.9	17.8	19.2	21.3	22.6	**22.6**	NA	NA
Individuals and others	9.9	10.6	13.2	23.0	17.6	**21.2**	NA	NA
Storage facility loans	0.8	0.9	1.0	1.1	1.2	**1.4**	NA	NA
Nonreal estate	156.8	152.6	152.6	149.9	161.8	**174.4**	181.8	187.6
Farm Credit System	**53.4**	**53.0**	**55.3**	**56.6**	**61.9**	**69.8**	**NA**	**NA**
Farm Service Agency	3.9	3.8	3.7	3.4	2.7	**2.5**	NA	NA
Commercial banks	**75.4**	**71.1**	**63.1**	**65.1**	**68.5**	**72.4**	**NA**	**NA**
Individuals and others	24.2	24.7	30.5	24.8	28.6	**29.7**	NA	NA

Testimony of
Tara Durbin, Chief Lending Officer,
Farm Credit Mid-America
Before the
U.S. Senate Committee on Agriculture, Nutrition, and Forestry
March 11, 2025

Chairman Boozman, Ranking Member Klobuchar, and members of the Committee, thank you for calling this hearing today to discuss the agricultural economy and for allowing me to testify. My name is Tara Durbin. I serve as Chief Lending Officer of Farm Credit Mid-America, headquartered in Louisville, Kentucky.

Farm Credit Mid-America is a financial cooperative providing financing, crop insurance and related services to more than 145,000 farmers, ranchers, agribusinesses and rural homeowners in Arkansas, Indiana, Kentucky, Missouri, Ohio, and Tennessee. More than 1,600 team members serve our customer-owners across our 391-county territory. We provided $34.4 billion in loans to farmers and ranchers as of September 30, 2024.

Most importantly, our association is a customer-owned, locally governed cooperative and proud member of the Farm Credit System, which was created by Congress more than a century ago. Along with 55 other Farm Credit institutions, we share a critical mission to support rural communities and agriculture with reliable, consistent credit and financial services, irrespective of cycles in the economy or fluctuations in financial markets.

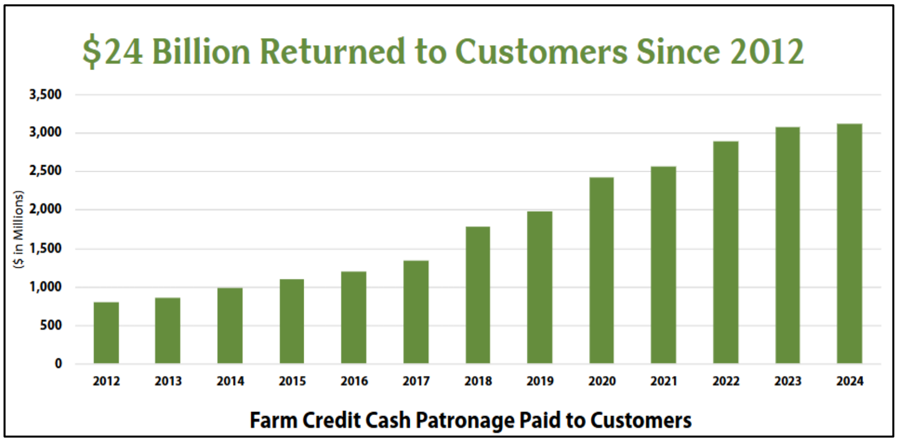
As this Committee has heard over the course of this hearing series, there are numerous challenges facing US agriculture. However, hundreds of thousands of farmers around the country developed a farm operating plan this year knowing that Farm Credit has the financial strength to finance that plan and the strong desire and ability to help them succeed. As margins have tightened for farmers across the country, our mission to serve all of agriculture in good and challenging times is especially important.

There is no federal funding provided to Farm Credit, and we do not take deposits. Instead, we issue debt securities on the public markets and use proceeds from the sale of those securities to fund our lending activities. While the interest rates we pay for our funding have risen sharply, funding remains plentiful. Our access to funding, along with our financial strength, means that Farm Credit is well positioned to continue providing competitively priced credit.

Farm Credit's unique cooperative structure means that the customer-owners who sit on our boards of directors are living, working and raising their families in rural communities. They are deeply invested in the success of those communities and are interested in finding more ways for Farm Credit to contribute to that success.

Farm Credit's cooperative structure also means the profits generated by our institutions directly benefit our customer-owners. Farm Credit profits are used only two ways — either retained in the institution to build financial strength and support more lending to our customers or returned to our customers via patronage dividends.

In 2024 alone, Farm Credit returned over $3 billion in patronage to our customers, representing 39% of total earnings. Since 2012, Farm Credit has returned $24 billion in patronage to our customers.



Later this month, Farm Credit Mid-America will return $260 million in patronage back to our customers-owners. Over the last nine years, we have returned to more than $1.5 billion through our patronage program.

The portion of Farm Credit's earnings not returned to customers provides the critical support for more lending to the agricultural producers, agribusinesses, rural infrastructure providers and rural homebuyers we serve. Farm Credit's lending has grown by an average of over 8% per year for the past 5 years as demand for loans increased and farmers and ranchers relied more heavily on Farm Credit to meet their credit needs.

Congress assigned Farm Credit a mission to serve all sectors of agriculture, and we fulfill that mission every day. From the largest producers to the more specialized local producers, Farm Credit offers a wide range of loan products to support specific needs across all 50 states and Puerto Rico.

Congress specifically directs Farm Credit to serve the needs of young, beginning, and small (YBS) farmers and ranchers. In 2024, Farm Credit made just over 129,000 loans to YBS producers which is about 57% of the total of new Farm Credit loans made during the year. The chart below details Farm Credit loans made last year to YBS producers.

	For Year Ended December 31, 2024			
	Number of New Loans	Volume	Percentage of New Loans	Percentage of Volume
		($ in Millions)		
Young Only	6,548	$ 5,853	2.9%	3.1%
Young & Beginning	10,787	$ 7,879	4.8%	4.1%
Young & Small	4,507	$ 856	2.0%	0.5%
Beginning Only	7,355	$ 7,482	3.3%	3.9%
Beginning & Small	24,833	$ 8,468	11.0%	4.5%
Small Only	52,914	$ 12,522	23.5%	6.6%
Young, Beginning, and Small	22,190	$ 5,112	9.9%	2.7%
Non-YBS	95,706	$ 141,666	42.6%	74.6%
Total	224,840	$ 189,838	100.0%	100.0%

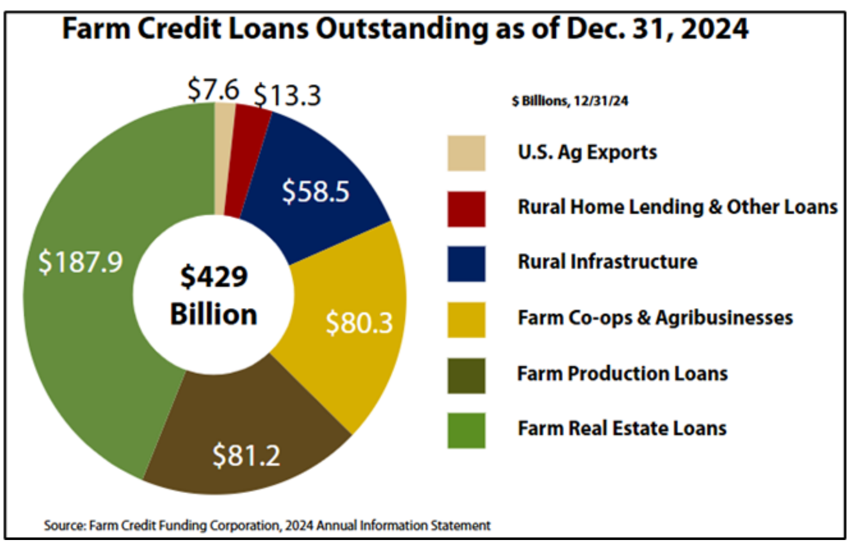
New for 2024, the Farm Credit Administration made substantial changes to the way Farm Credit institutions were required to collect and report YBS loan data. Changes were made to both the categories being reported and to the criteria for inclusion in those categories. For instance, FCA increased the annual gross farm income threshold for small farmers to $350,000 where previously it had been $250,000. As a result, 2024 data cannot be compared to previous years.

Considering these new FCA reporting requirements, at year-end 2024, Farm Credit institutions had approximately 618,000 loans outstanding to YBS producers for about $185.6 billion. Again, because of the regulatory reporting requirement changes, these numbers cannot be compared to previous years. *[Note: The numbers cannot be combined. A single loan to a 25-year-old rancher in her third year of ranching with annual sales of $100,000 could be counted in the young, beginning, and small categories.]*

Farm Credit Associations proudly meet the YBS mission by offering unique loan programs and tools to serve these customers in the way that is most appropriate for their specific agriculture products and geographic region. Farm Credit Mid-America does this through our Growing Forward Program. Growing Forward provides special underwriting standards and tier one interest rates along with personal and business financial education programs. Growing Forward customers are also expected to create business plans and work with their loan officers regularly to make sure they are on track to accomplish their goals. Through these conversations, they also receive financial coaching to support the operation's long-term viability regardless of margin or economic cycle.

Farm Credit's mission to support U.S. agriculture extends well beyond the farm gate. We make loans to farmer-owned cooperatives and other agribusinesses that are critical to farmers' success. We also provide leases for agricultural equipment and facilities, and we finance the export of U.S. agricultural products overseas.

Farm Credit's mission also extends to rural communities where we finance critical rural infrastructure, including power generation and transmission, communications providers, water and waste services, and some community facilities. These loans improve the quality of life in our rural communities, providing clean drinking water, broadband for schools and farms, and reliable energy for rural families and businesses. In addition, we lend to rural homebuyers in very small communities with less than 2,500 in population. Because a steady flow of credit means more jobs and economic growth, Farm Credit helps ensure the vibrancy of communities throughout rural America. Farm Credit's mission is as vital today as it has ever been.



Current Ag Outlook

The Committee's hearing today offers a timely look at the ag economy, as producers of many agricultural products face increasingly difficult economic circumstances. Those already difficult circumstances were exacerbated by hurricanes, drought, wildfires, flooding, and other natural disasters from earlier this year and last year.

Excluding government payments, USDA's inflation-adjusted net farm income has fallen by $43 billion. While some livestock producers have benefited from high cattle and milk prices, low prices for other ag products, coupled with high input costs are tightening margins and creating severe losses for many producers. Some geographic regions and some commodities are being more impacted than others. In some regions and for some producers, 2024 was the second or third consecutive year of loss. Unfortunately, the current economic environment is expected to continue in 2025. As working capital decreases, producers' margin for error is also decreasing.

Current conditions are making it especially difficult for young and beginning producers, many of whom do not have significant equity built up from long-time land ownership. Many of these producers have few remaining options as they work to continue for another growing season. More experienced producers with equity built up also face difficult decisions about how much of their hard-earned equity to risk with little to no sign of profitability on the horizon.

Land values have generally been strong, which bolsters some farmers' balance sheets. However, cash rents remain very high and are compressing margins for farmers who rent land. Additionally, high land prices also create a very real barrier to entry for young and beginning farmers.

As a cooperative and a mission-driven lender, owned and governed by our customers, Farm Credit will continue leveraging our financial strength to support U.S. producers through this difficult period.

Prior to the run up in interest rates, Farm Credit worked with producers over the past several years to lock in very low, long-term interest rates on farm mortgage loans. However, higher interest rates have impacted short-term operating loans and those currently purchasing new farm ground. As all of this margin pressure impacts our customers, we are tailoring financial packages to help farmers deal with the economic situation, including in some cases by restructuring debt to ease short-term cash shortfalls.

Farm Credit works closely with USDA's Farm Service Agency (FSA) across the country to ensure farmers and ranchers have access to the most affordable and flexible credit available to them. FSA's guaranteed loan program is a valuable tool in helping our customers get their start in agriculture or stay in operation.

Farm Credit strongly supports the PACE Act, authored last Congress by Ranking Member Klobuchar and Senator Hoeven, which would increase guaranteed loan limits as well as make other positive changes within FSA's loan programs. Land values and input costs for farmers continue to increase, and current FSA loan limits have simply not kept pace with the rising costs that farmers are currently facing. We were pleased to see that last year's Farm Bill frameworks included this important legislation.

Customers in Farm Credit Mid-America's territory are experiencing a farm economy with both strengths and emerging concerns. The factors that most commonly determine which farm economy is being felt include geographic region, commodity produced, farm diversification, and financial position.

Over the past five years, many traditional row crop producers—particularly those producing corn, soybeans and wheat—have benefited from strong margins, allowing them to build liquidity and reinforce their financial positions. However, this is not the case across all commodities. Cotton and rice producers, particularly in our Arkansas portfolio, have faced multiple years of price volatility, quality concerns, and yield challenges, leading to more rapid liquidity erosion. Meanwhile, the protein sector remains a bright spot within our portfolio, with strong demand, limited supply, and lower feed costs providing a counterbalance to tightening margins in grain production.

While many of our customers have diversified to operate in both protein and row crops, several headwinds are emerging that are making it more difficult for producers to expand or maintain profitability. Two primary drivers include a higher interest rate environment, which has significantly increased borrowing costs, and rising farmland values—driven in part by non-agricultural income and land conversion for commercial uses. Additionally, we are seeing increased reliance on revolving lines of credit as net farm income declines, indicating that producers are drawing down the liquidity they built during more profitable years. While our current revolving credit line utilization rate remains in line with pre-pandemic levels, historical trends highlight the impact of agricultural cycles on liquidity. Over the past decade, utilization of operating lines of credit fluctuated between a low of 34% during stronger financial periods and a peak of 58% during times of greater financial stress. This pattern underscores the critical role of working capital in helping producers navigate downturns and maintain operational stability.

Farm Credit Mid-America and our peers across the Farm Credit System utilize a number of practices to work with producers through challenging cycles. Some of those practices include proactively restructuring debt as necessary to support cash flow concerns, providing financial coaching, and using federally administered programs such as crop insurance and the Farm Service Agency Loan Guarantee Program to mitigate risk. Farm Service Agency loan guarantees help producers secure credit in times of financial strain, ensuring they have access to the capital needed while also managing our cooperative's risk. We are working with customers to navigate rising interest expense, since this is a cost many producers have not had to navigate at this scale in the past several decades.

A Strong, 5-Year Farm Bill

While the *ad hoc* disaster and economic assistance from December 2024 was greatly appreciated, American farmers and ranchers must have the certainty and predictability of a strong, 5-year Farm Bill with additional federal investment that reflects today's market reality.

Farm Credit believes this includes improvements to the federal crop insurance program. Crop insurance is the cornerstone of the farm safety net, with policies covering over 125 different crops and livestock. The program functions as intended. Farmers pay for coverage they can count on when weather decreases production and crop insurance cushions the impact of falling commodity prices – to a degree. We applaud the Committee for exploring ways to enhance this vital tool.

Specifically, Senator Hoeven's FARMER Act would strengthen the crop insurance program and make higher levels of coverage more affordable for producers. Also, the Crop Insurance for Future Farmers Act, authored last Congress by Majority Leader Thune and Ranking Member Klobuchar, would provide more affordable crop insurance options for beginning farmers.

In addition to the items already mentioned in my testimony, Farm Credit developed specific credit-related recommendations for inclusion in the Farm Bill. These proposals will allow Farm Credit to have more tools in the toolbox to support our customers. We appreciate Chairman Boozman including many of these proposals in his Farm Bill Framework last year, and we look forward to working with both him and Ranking Member Klobuchar on a Farm Bill this year that supports rural communities and agriculture.

We encourage Congress to support rural communities and agriculture by:

- Supporting the U.S.-based commercial fishing industry by allowing some fishing- related businesses to borrow from Farm Credit, similar to how farm-related businesses borrow from Farm Credit, like the 118th Congress's S.1756/H.R.4940, the Fishing Industry Credit Enhancement Act.

- Authorizing Farm Credit institutions to collect demographic information from customers on a voluntary basis and ensure that the Farm Credit Administration is the primary regulator of Farm Credit System institutions, like H.R.1063, the Farm Credit Administration Independent Authority Act.

- Boosting development of vital rural community facilities (hospitals, rural clinics, skilled nursing facilities, etc.) by clarifying Farm Credit institutions' authority to finance rural community facilities projects and encouraging partnerships on these projects with community banks, like H.R.1246, the Investing in Rural America Act.

- Allowing more time between examinations for low-risk institutions, like the 118th Congress's H.R.6564, the Farm Credit Adjustment Act.

- Modestly increase Farm Credit's rural home lending population limit, like the 118th Congress's S.3497, the FARM Home Loans Act.

- Expanding access for rural businesses to equity capital investment by eliminating unnecessary restrictions on Rural Business Investment Companies (RBIC) and allowing RBICs to access federal leverage funding, similar to how small business investment companies operate.

- Promoting U.S. ag exports by increasing the amount of export financing CoBank is allowed to provide; and

- Improving the transparency and safety and soundness of the Federal Agricultural Mortgage Company (Farmer Mac) by requiring the company to obtain and maintain public ratings on its debt securities.

Thank you very much, Chairman Boozman and Ranking Member Klobuchar, for allowing me to testify today. Farm Credit is committed to fulfilling the mission Congress charged us with 109 years ago, and we look forward to working with you as you reauthorize the Farm Bill.

FCS Housing Agenda

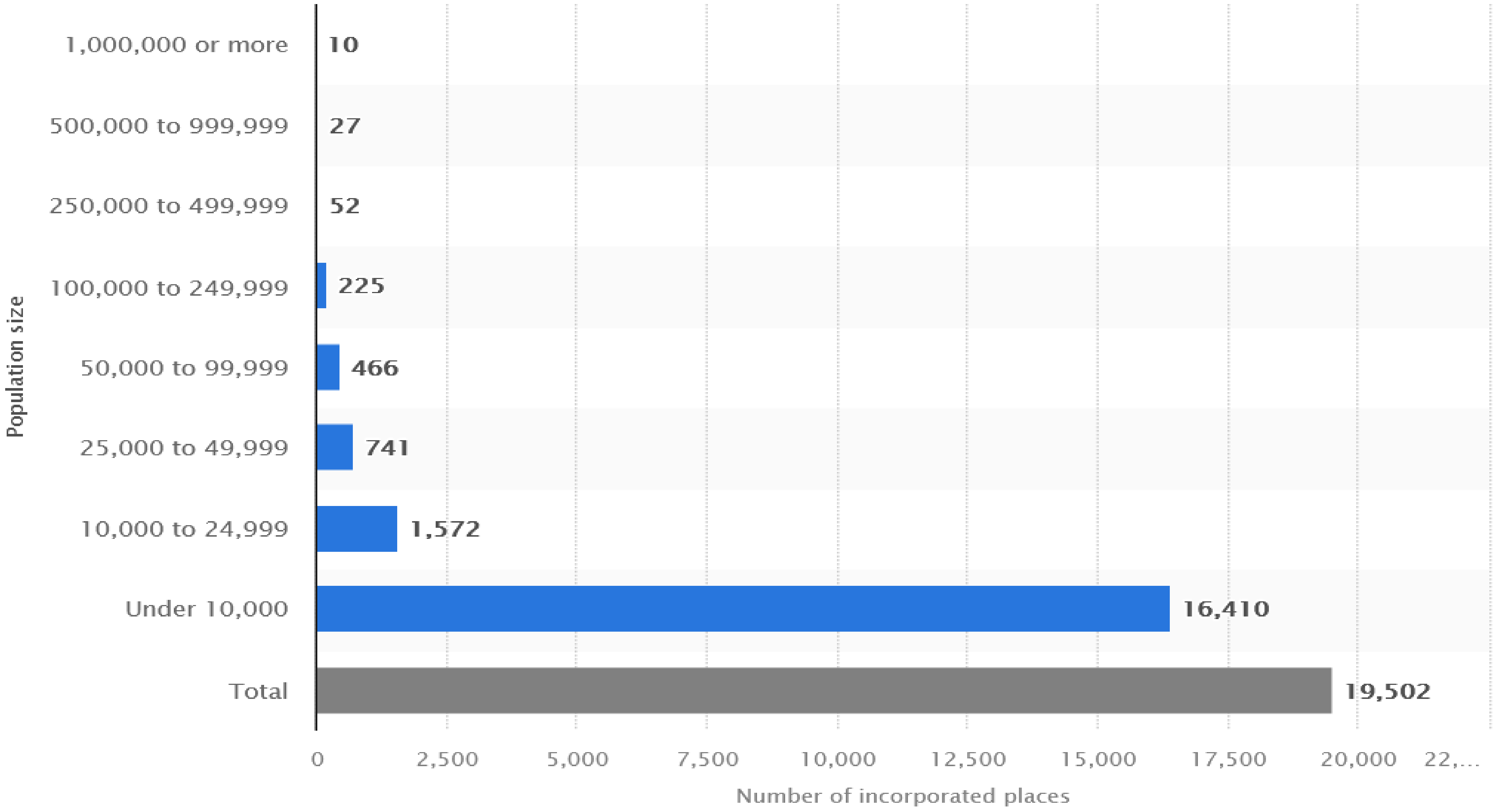
- As of 2018, there are 19,495 incorporated cities, towns and villages in the United States.
- 14,768 of these have populations below 5,000.

About 76% of the approximately 19,500 incorporated places had fewer than 5,000 people. Of those, almost 42% had fewer than 500 people.

U.S. Census Bureau

FCS Seeks Home Loan Authority up to 10,000 population vs 2,500 ppl

Cities, towns and villages in the U.S in 2019, by population size



Statista.com

STAFFER EXPLANATION – WHY THEY SUPPORTED FCS EXEMPTION FROM SECTION 1071 BUT NOT BANKER EXEMPTION IN HOUSE FARM BILL

5/17/2024

Scott,

As you know, and has been communicated several times, Farm Credit institutions are regulated by the Farm Credit Administration (12 U.S.C. 2001 et seq.). As you are also aware, the FCA is under the jurisdiction of the House Agriculture Committee. Moreover, community bankers are regulated by the Community Financial Protection Bureau (CFPB) and the committee with jurisdictional oversight is the House Committee on Financial Services.

Congressman Finstad, along with a large majority of the House Republican Conference, is strongly opposed to the 1071 rule in its entirety. This has been reflected in the Congressman's cosponsorship of H.J.Res. 66 and vote for the CRA, along with 221 of his colleagues, when it was brought before the House Floor for consideration. Unfortunately, the CRA, which would have nullified the rule in its entirety, was vetoed by President Biden on December 29, 2023.

Congressman ____________ will continue to unequivocally oppose CFPB's 1071 rule in all its forms. As the Farm Bill reauthorization process moves forward, he will proudly stand against the rule as it relates to the House Agriculture Committee's jurisdiction.

Congressman ____________ welcomes productive, open dialogues that meaningfully addresses this issue and **will continue to reject tired beltway disputes that do little to solve the real challenges** (emphasis added) faced by rural lenders, as well as the farmers and rural communities they serve.

Thank you for reaching out on this important issue.

Regards,

John

ICBA Concerns with Farm Credit System Expansion Proposals

Essential Community Facilities. FCS seeks to amend the Consolidated Farm and Rural Development Act (Con Act) to finance "essential community facilities" (ECFs). USDA provides loan guarantees for ECFs for lenders to finance "a public improvement, operated on a **non-profit basis**." FCS's proposed language does not specifically prohibit the financing of for-profit entities which a previous version of the language authorized. Unless prohibited, FCS could try to finance for-profit entities under this authority. These for-profit entities could conceivably include grocery stores, gas stations and various small businesses financed by community banks.

There is no proven need for FCS, a government sponsored enterprise (GSE), with immense tax and funding advantages, to jump into this broad array of financing and crowd out private sector, tax-paying community banks. There is no test to determine whether FCS financing is needed.

FCS lenders can currently make "investments" as approved by their regulator on a case-by-case basis. However, these "investments" are not intended to be general financing arrangements for all types of business loans. Since FCS lenders can make FCA approved investments, there is no need for this legislation. FCS claims the FCA approval process is "too cumbersome" making it hard to form partnerships. However, Compeer Financial stated in a May 4, 2023, Senate Ag Committee hearing that they have financed over 50 senior care facilities and hospitals since 2018. This is hardly a cumbersome process.

In addition, the FCA has stated the agency has a "fast-track" approval process enabling case-by-case approvals can be done expeditiously. At an August 2017 FCA board meeting, then Chairman and CEO Dallas Tonsager stated, ***"I hope system institutions will continue to use the fast-track approval process the agency has established to build partnerships."*** These statements undermine the FCS's rationale for their ECF proposal.

If FCS were to engage in non-farm loans to for-profit ECFs, it could "open the floodgates" for FCS to go **all-out on financing non-farm businesses**. FCA has stated the investment authority granted to the FCS was intended to be focused, noting "size, nature, and method of rural community-based investing requires **appropriate and meaningful investment criteria**." [1]

FCA stated, "Conditions of approval enforce the **implied statutory distinction between loans and investments by excluding any transaction more similar to a commercial loan** than to a traditional investment transaction and specifically **prohibiting FCS from directly making or purchasing loans** (emphasis added)."[2] The distinction (investments vs loans) indicate the new authorities are not authorities already in place but in a different form.

[1] Mission-Related Investments Update, August 12, 2010, Farm Credit Administration, page 7
[2] Ibid, page 7

The case-by-case approval process allows the regulator some oversight to enforce a mission mandate.

15 Percent Threshold is Significant Expansion and Could Move FCS Away from Serving Agriculture. The ECF proposal includes a **15 percent** "limitation" on the amount of an association's ECF financing based on each institution's **total assets**. This is a significant expansion over what is currently allowed for investments approved by the FCA on a case-by-case basis (i.e., **10 percent** of total **outstanding loans)**. **FCA previously rejected FCS requests** to raise the percent and establish the percent based on total assets instead of outstanding loans.

FCA explained: "FCA has consistently held the principal statutory mission of the System is lending to agricultural and aquatic producers, and their cooperatives. A portfolio limit tied to loans ensures agricultural credits remain the primary assets of all System banks and associations. **A portfolio limit based on either ''earnings'' or ''total assets" could permit associations to hold a greater amount of assets that are <u>unrelated</u> to agriculture** (emphasis added)."[3]

FCA's objective was to ensure that each association "never exceeds the 10-percent portfolio limit." This was to ensure FCS associations did not become grossly unbalanced with a much greater amount of "investments" for non-farm purposes than their agricultural loans. FCA stated, "the primary purpose of the portfolio limit is to ensure that System associations adhere to **their statutory mission as a GSE to finance agriculture**."[4] FCA noted **"the 10-percent limit on investments ensures that loans to agricultural producers and other eligible borrowers constitute most of an association's assets** (emphasis added)."[5]

Further, the 15 percent of assets test doesn't even count loans made with a non-FCS lender against this limit, further highlighting the potential for FCS associations to have fewer agricultural loans than ECF loans. The proposed 15 percent asset limit is not an effective restriction.

Participations with Non-FCS Lenders. FCS claims the ECF legislation will "codify our ability to work with local banks." The actual proposal does not even require FCS to participate in the ECF loans with non-FCS lenders. IF the FCS lender offers a participation to **one non-FCS lender,** there is **no requirement** for an offer to a **local lender** located in the community. The offer to participate could be to **a large domestic or foreign bank or the USDA**.

FCS's terms to finance ECFs will be lower than the private sector due to their nearly nonexistent federal tax obligations. Their "offer" to one non-FCS lender at a rate acceptable to the borrower is **unworkable** since the non-FCS lender will typically not be able to match the FCS's tax exempt

[3] *Federal Register* / Vol. 83, No. 113 / Tuesday, June 12, 2018, pg 27494 https://www.govinfo.gov/content/pkg/FR-2018-06-12/pdf/2018-12366.pdf
[4] Ibid, pg 27495
[5] Ibid, pg 27495
[6] Testimony, Compeer Financial, U.S. Senate Subcommittee on Commodities, Risk Management, and Trade, May 4, 2023, page 8

interest rate unless the loan terms presented to the potential customer are required to reflect the tax obligation of the non-FCS lender.

To accomplish this local lenders, with a physical presence in the community, could be given the same tax rate as the FCS lender or by requiring the financial offer to the customer to be a blended rate of the combined FCS lender and local lender's financing.

Rural Business Investment Corporations (RBICs). During the 2018 Farm Bill debate, FCS lenders pushed to raise the amount of financing provided to a RBIC from 25 percent to 50 percent without being limited to investing in only agriculture-related industries. FCS claimed raising the limit to 50 percent would "build more flexibility into the funds for investing in all sectors and **fulfilling the Farm Credit System's desire** to deploy more money to support rural America's businesses." Now the FCS desires to move this cap once again, this time to 75 percent and provide grants (debentures) to businesses.

RBICs were intended to provide equity and venture capital investments to assist small businesses but were not intended to provide debt financing (loans) since non-farm businesses are efficiently financed by the private sector.

Non-farm Businesses Serving Aquaculture. FCS also proposes to finance businesses furnishing services directly related to the operating needs of producers or harvesters of aquatic products. Previous versions of this FCS proposal, rejected by Congress, limited such financing to "small entities that are **primarily** engaged in providing" services to producers or harvesters of aquatic products. This proposal is much broader than what was proposed by the FCS in past years since the entities financed would not be small or primarily engaged in aquaculture.

The non-farm businesses financed would only need to provide a tiny amount of services to the aquaculture industry to become eligible. FCS, for example, could finance a hardware store or a large retailer if an aquaculture harvester makes an occasional purchase of cleaning supplies or any miscellaneous item. There are no constraints to the open-ended nature of which businesses could be financed or their degree of involvement in the aquaculture industry. Existing loans could be taken away from community banks by FCS engaging in predatory pricing.

Proposals Need Meaningful Constraints. If the FCS's proposals (ECFs; businesses serving aquaculture; RBICs etc.) do not have practical constraints, the FCS will abuse whichever loophole(s) they can in order to pursue non-farm financing far beyond congressional intent. For example, the FCS used its 'similar entities' authority to finance Verizon, a Fortune 500 company ranking as the fifteenth largest corporation in America. Congress expected FCS to use the similar entities authority to finance companies that acted like locally owned farmer cooperatives. GSEs are intended to fill single niche credit gaps (e.g., agriculture, housing, etc.) and are not created to be general purpose lenders to the largest corporations in America.

Evasion of Sec. 1071 Small Business Data Collection. The FCS also seeks to evade the burdensome compliance regime of the Dodd Frank Act's section 1071 regulation (Small Business Data Collection Rule), recently adopted by the CFPB. FCS efforts have ranged from complete exemption to suggesting a sampling of borrowers' data submitted to their regulator. But these efforts are geared only toward exempting the FCS or requiring compliance in name only, which would be an unequal and unfair burden for all other lenders who would need to fully comply with section 1071. ICBA has expressed concerns with section 1071's requirements but we believe all lenders should be treated equally, for example by adopting H. J. Res 85 (formerly H.J. Res 66), or congress can allow lenders to choose to exempt agricultural and rural loans.

Conclusion. The FCS proposals lack needed clarity and constraints. These proposals go far beyond their stated intent and if adopted as drafted could act as magnets for abuse, as has been the case with the 'similar entities' authority. These proposals have not been sufficiently vetted.

FCS's proposals go far beyond the purpose for which the FCS was created as a single purpose lender with GSE tax and funding advantages. These proposals do not remove the FCS's tax advantages for non-business financing, which allows them to undercut the private sector. As the Department of the Treasury previously stated, "They (FCS) are not just another competitor, they are a lender to which the government has given significant competitive advantages."[7]

As the Treasury also previously stated, "GSEs are an exception to our general approach of avoiding differential treatment among financial institutions. The potential benefits that GSEs bring to a particular market must be balanced, therefore, against potential risks to the financial system and potential effects on market competition."[8]

While we are quite willing to work with Congress on ways to ensure access to credit in rural markets, simply allowing the FCS to indiscriminately muscle out community banks from local credit markets with relatively loosely defined new lending powers is contrary to the mission of the FCS as a GSE established to serve agriculture.

ICBA also believes reforms are needed to ensure the FCS's focus remains on agricultural lending and doesn't shift into non-farm business lending. For example, we do not believe the FCS was created to compete with community banks for deposits (i.e., cash management accounts). We look forward to presenting ideas on refocusing the FCS in the near future.

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[7] Treasury Assistant Sec. Gregory A. Baer, House Committee on Banking and Financial Institutions, Oct. 3, 2000.
[8] Ibid

Given the FCS's incessant thirst for **non-farm** lending powers, we believe the following modifications to their proposals are necessary.

Modifications for Essential Community Facilities (ECFs):

- Prohibit loans to for-profit businesses.
- Require the FCS lender offer a participation in the financing to one non-FCS **local** lender, with **a physical presence** in the community, where the project is located.
- Require the financial offering to the potential customer to be a blended rate of the combined FCS rate and the local lender's rate or a separate or split loan from the local lender.
- Change the 15 percent of total assets limit to **10 percent of outstanding ag loans** during the first year of the farm bill and count participation with non-FCS lenders against the limit to ensure ag lending remains the majority of each association's portfolio.
- Ensure the annual report lists each financial institution participating in each ECF project.

Modifications for Lending to Businesses Serving Aquaculture:

- Limit proposal to small businesses **primarily** engaged in providing services to aquaculture producers or harvesters.
- Prohibit use of this authority to refinance existing loans held by community banks or for new loans in areas where community banks already serve the aquaculture industry.
- Require annual reporting information be included in the ECF report to include which companies are being financed by the FCS under this authority.

Modifications for Rural Business Investment Corporations (RBICs):

- Prohibit FCS from owning 75 percent of one or more RBICs primarily for the purpose of engaging in non-farm financing.
- Prohibit RBICs from offering loans or debt financing.
- Prohibit RBICs from converting existing loans of community banks into RBIC investments.
- Require reporting on which businesses receive RBIC investments and which RBIC provided each investment.

Modifications to Sec. 1071 Small Business Data Collection:

- Ensure agricultural and rural America lenders are treated in the same manner as FCS lenders.

To discuss the contents of this attachment please contact Mark Scanlan at mark.scanlan@icba.org or Scott Marks at scott.marks@icba.org

Tab 4

ACRE Act

May 2025

ICBA Legislative Update: The Access to Credit for our Rural Economy (ACRE) Act

Need for Legislation

The ACRE Act (H.R. 1822 / S. 838) is bipartisan legislation sponsored by Rep. Randy Feenstra (R-IA) and Sen. Jerry Moran (R-KS). The legislation would lower the cost of credit for farmers, ranchers, and rural homeowners while creating a more equitable and competitive rural lending environment. Community banks compete with tax-exempt lenders in rural America that already enjoy this benefit. ACRE would promote the viability of farmers and ranchers, rural communities, and community banks in a challenging economic environment.

Farmers and ranchers, as well as rural communities built around agriculture, must have access to affordable credit to survive and prosper. Challenges faced by rural communities include volatile weather, fluctuating commodity prices, rising input costs, elevated interest rates, and tight cash flows. Profit margins are often thin and working capital can be depleted quickly. Young, beginning, and small (YBS) farmers and ranchers often have little equity and are deemed less credit worthy.

The rural housing market also faces unique challenges. Rural properties are often irregular, fewer in number, or mixed use, making it difficult to find comparable sales (“comps”) for residential appraisals as required by Fannie Mae and Freddie Mac.

Key Provisions of the ACRE Act

- Exempts interest income on loans secured by agricultural real estate from taxation.
- Exempts from taxation interest income on residential mortgages up to $750,000 in towns of less than 2,500 population.

Key Talking Points

- Please cosponsor the ACRE Act and advocate for its inclusion in a 2025 tax package.
- ACRE provides lower interest rates for struggling farmers, ranchers, and rural homeowners.
- ACRE strengthens rural economies by allowing community banks greater flexibility to work with farmers and ranchers who may have trouble servicing their debt or are young, beginning or small (YBS) borrowers with little equity.
- ACRE gives lenders a strong incentive to remain in the rural farming and housing markets, thereby boosting local economic activity and access to credit.

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Feenstra Leads Legislation to Lower Interest Rates for Agricultural and Rural Home Loans

March 4, 2025 Press Release

WASHINGTON, D.C. – Today, U.S. Rep. Randy Feenstra (R-Hull) introduced the *Access to Credit for our Rural Economy (ACRE) Act*, which would benefit American families, farmers, and rural communities nationwide by making loans more accessible and affordable.

U.S. Reps. Nathaniel Moran (R-TX) and Don Davis (D-NC) are co-leading this legislation.

“On my 36 County Tour, I repeatedly hear from Iowans who are very concerned about the high cost of living and want relief from the high prices. To bring down interest rates for our families and farmers and drive rural economic growth, we need to level the playing field and give our community banks greater flexibility to offer home and agricultural loans at more affordable rates,” **said Rep. Feenstra**. “One of my top priorities as a member of the Ways and Means Committee is to enact policies that bring jobs and investment to rural communities. That’s why I introduced the ACRE Act to ensure that our families can buy homes in rural areas, our producers can access the capital that they need to feed and fuel our country and the world, and our community banks can offer credit at lower rates. This legislation will help young families plant their roots in rural Iowa, strengthen our state’s status as an agricultural powerhouse, and support rural lenders who drive economic growth up and down our main streets and across our rural communities.”

“The Iowa Bankers Association applauds Congressman Feenstra’s work to drive down the cost of credit and boost Iowa’s rural economy,” **said Adam Gregg, President and CEO of the Iowa Bankers Association**. “This legislation will directly benefit farmers and rural homeowners. We thank Congressman Feenstra for his work on the ACRE Act and for his unwavering commitment to rural Iowa.”

“ABA applauds today’s introduction of the Access to Credit for our Rural Economy Act of 2025, and we thank the bill’s lead sponsors Senator Jerry Moran (R-KS), Senator Angus King (I-ME), Senator Ruben Gallego (D-AZ), Senator Kevin Cramer (R-ND), Senator Tommy Tuberville (R-AL), Rep. Randy Feenstra (R-IA-04), Rep. Don Davis (D-NC-01) and Rep. Nathaniel Moran (R-TX-01) for their leadership on this issue,” **said Rob Nichols, President and CEO of the American Bankers Association**. “The ACRE Act will deliver much-needed financial support to farmers and ranchers working through a difficult economic cycle by lowering the cost of credit without creating new government payments or programs. It would also drive down the cost of homeownership and increase access to credit in more than 17,000 rural communities across the country. We urge all members of Congress to support this critically important legislation.”

“This important legislation will help community bank lenders revive and sustain rural economies struggling to overcome the impact of higher interest rates,” **said Rebeca Romero Rainey, President and CEO of Independent Community Bankers of America**. “ICBA and the nation’s community banks thank Congressman Feenstra (R-IA) and Davis (D-NC) for providing a reasonable solution that benefits rural Americans, especially young, beginning, and small farmers and ranchers, who will make up the next generation of producers.”

NewsWatch Today

ICBA, state associations push for support of ACRE Act

March 06, 2025

ICBA and 44 state banking associations sent letters to senators and representatives asking them to sponsor the bipartisan Access to Credit for our Rural Economy (ACRE) Act (S. 838 and H.R. 1822).

Details: ICBA and the state associations said the ACRE Act will promote access to credit and lower borrowing costs for farmers, ranchers, and rural home buyers. The groups also asked that members of Congress support including the bipartisan ACRE Act in the upcoming tax bill.

Scope: The ACRE Act would:

- Provide farmers, ranchers and rural homeowners with lower-cost credit.
- Allow producers to improve their cashflow positions at a time of tremendous economic stress in the farm sector.
- Enable family farmers to remain on their farms and ranches, preventing further consolidation within the farm sector.
- Offer community banks flexibility to work with struggling family farmers and ranchers.

ICBA Support: In a national news release this week, ICBA President and CEO Rebeca Romero Rainey said the legislation will help community bank lenders revive and sustain rural economies.

ICBA View: The ACRE Act is a key priority of ICBA's "Repair, Reform, and Thrive" plan and open letter to the 119th Congress, which outline comprehensive reforms to address the nation's policy challenges.

Interested in discussing this and other topics? Network with and learn from your peers with the app designed for community bankers. Join the conversation with ICBA Community.

ACRE ACT

Cosponsors: H.R.1822 — 119th Congress (2025-2026)

Sponsor: Rep. Feenstra, Randy [R-IA-4] | Cosponsor statistics: 49 current - includes 2 original

Cosponsor	Date Cosponsored
Rep. Davis, Donald G. [D-NC-1]*	03/04/2025
Rep. Moran, Nathaniel [R-TX-1]*	03/04/2025
Rep. Bost, Mike [R-IL-12]	03/11/2025
Rep. Bice, Stephanie I. [R-OK-5]	03/11/2025
Rep. Estes, Ron [R-KS-4]	03/24/2025
Rep. LaHood, Darin [R-IL-16]	03/24/2025
Rep. Nunn, Zachary [R-IA-3]	03/24/2025
Rep. Fields, Cleo [D-LA-6]	03/24/2025
Rep. Scholten, Hillary J. [D-MI-3]	03/24/2025
Rep. Schmidt, Derek [R-KS-2]	03/24/2025
Rep. Neguse, Joe [D-CO-2]	03/24/2025
Rep. Fitzgerald, Scott [R-WI-5]	03/24/2025
Rep. Johnson, Dusty [R-SD-At Large]	03/24/2025
Rep. Van Orden, Derrick [R-WI-3]	03/24/2025
Rep. Steil, Bryan [R-WI-1]	03/24/2025
Rep. Pettersen, Brittany [D-CO-7]	03/24/2025
Rep. Costa, Jim [D-CA-21]	03/24/2025
Rep. Mann, Tracey [R-KS-1]	03/24/2025
Rep. Miller-Meeks, Mariannette [R-IA-1]	03/24/2025
Rep. Valadao, David G. [R-CA-22]	03/25/2025
Rep. Finstad, Brad [R-MN-1]	03/26/2025
Rep. Bergman, Jack [R-MI-1]	03/27/2025
Rep. Moolenaar, John R. [R-MI-2]	04/07/2025
Rep. Moore, Blake D. [R-UT-1]	04/07/2025
Rep. Hinson, Ashley [R-IA-2]	04/07/2025
Rep. Barr, Andy [R-KY-6]	04/07/2025
Rep. Wagner, Ann [R-MO-2]	04/07/2025

Cosponsor	Date Cosponsored
Rep. Bilirakis, Gus M. [R-FL-12]	04/07/2025
Rep. McClain, Lisa C. [R-MI-9]	04/07/2025
Rep. Van Drew, Jefferson [R-NJ-2]	04/09/2025
Rep. Kustoff, David [R-TN-8]	04/10/2025
Rep. Graves, Sam [R-MO-6]	04/10/2025
Rep. Panetta, Jimmy [D-CA-19]	04/17/2025
Rep. Carbajal, Salud O. [D-CA-24]	04/17/2025
Rep. Meuser, Daniel [R-PA-9]	04/17/2025
Rep. Budzinski, Nikki [D-IL-13]	04/17/2025
Rep. Flood, Mike [R-NE-1]	04/24/2025
Rep. Ross, Deborah K. [D-NC-2]	04/24/2025
Rep. Pappas, Chris [D-NH-1]	04/24/2025
Rep. De La Cruz, Monica [R-TX-15]	04/24/2025
Rep. Fitzpatrick, Brian K. [R-PA-1]	04/30/2025
Rep. Conaway, Herbert C. [D-NJ-3]	04/30/2025
Rep. Fischbach, Michelle [R-MN-7]	04/30/2025
Rep. Fedorchak, Julie [R-ND-At Large]	05/05/2025
Rep. Salinas, Andrea [D-OR-6]	05/05/2025
Rep. Carter, Earl L. "Buddy" [R-GA-1]	05/05/2025
Rep. Owens, Burgess [R-UT-4]	05/06/2025
Rep. Sewell, Terri A. [D-AL-7]	05/07/2025
Rep. Bishop, Sanford D. [D-GA-2]	05/07/2025

Cosponsors: S.838 — 119th Congress (2025-2026)

Sponsor: Sen. Moran, Jerry [R-KS] | Cosponsor statistics: 7 current - includes 4 original

Cosponsor	Date Cosponsored
Sen. King, Angus S., Jr. [I-ME]*	03/04/2025
Sen. Tuberville, Tommy [R-AL]*	03/04/2025
Sen. Gallego, Ruben [D-AZ]*	03/04/2025
Sen. Cramer, Kevin [R-ND]*	03/04/2025
Sen. Marshall, Roger [R-KS]	03/05/2025
Sen. Rounds, Mike [R-SD]	03/24/2025
Sen. Coons, Christopher A. [D-DE]	05/06/2025

1.

2024 Farm Ltr of Support - ILL

Please Cosponsor
Access to Credit for our Rural Economy (ACRE) Act (H.R. 3139 and S. 2371)

On behalf of the Community Bankers Association of Illinois (CBAI), the Illinois Farm Bureau (ILFB), the Illinois Corn Growers Association (ICGA), the Illinois Soybean Growers (ISG), and the Grain and Feed Association of Illinois (GFAI), we write to urge you to cosponsor the Access to Credit for our Rural Economy (ACRE) Act (H.R. 3139 and S. 2371). This bipartisan and bicameral legislation will promote access to credit and reduce borrowing costs for rural citizens. The ACRE Act in the U.S. House has over 55 cosponsors including Illinois Representatives Darin LaHood (R-16th), Mike Bost (R-12th), Niki Budzinski (D-13th), and Mary Miller (R-15th).

Agricultural production and the prosperity of farmers are critical to rural economies where thousands of jobs are connected to the farm sector. The ACRE Act would allow lenders to help farmers remain viable in an often-challenging environment by providing that when a bank lends to a farmer and the loan is secured by agricultural real estate, interest received on the loan is not taxable. This benefit is particularly important given higher interest rates, inflation and an anticipated decrease in net farm income.

Similarly, interest on a bank loan secured by a single-family home would not be taxable, provided the home is in a rural community with a population of 2,500 or less. Second homes would not be eligible, nor would mortgages with a principal value of $750,000 or more. Rural housing markets are especially challenging for lenders and their borrowers because the mortgages are often not eligible for resale in the secondary market, Fannie Mae or Freddie Mac, and must be held in portfolio.

The provisions of ACRE would give lenders more flexibility to work with small farmers, including those who are young or beginning, as well as rural homeowners by providing them lower interest rates and better lending terms, while giving lenders necessary tools to serve the rural farming and housing markets.

Community banks make 80% of agricultural loans which is why this bill is a high priority for the Community Bankers Association of Illinois. This legislation is also a priority for the ILFB, ICGA, ISG and GFAI because it will benefit virtually every one of their members and their communities.

Thank you for considering cosponsoring this important bipartisan and bicameral legislation.

Tab 5

MAMBA Bill

September 5, 2023

Ernst Works to Expand Opportunities for Future Farmers and Manufacturers

WASHINGTON – Today, U.S. Senator Joni Ernst (R-Iowa) announced a bipartisan effort to expand opportunities for first-time farmers and small to mid-size manufacturers. The *Modernizing Agricultural and Manufacturing Bonds Act (MAMBA)* will modernize the Internal Revenue Service's (IRS) rules for Industrial Development Bonds (IDBs) and First-Time Farmer Bonds (Aggie Bonds), providing new financing opportunities for first-time farmers and small to mid-sized manufacturers. The rules for IDBs and Aggie Bonds have not been updated in nearly 30 years.

"Farming and manufacturing are critical to the success of Iowa's economy," **said Senator Ernst.** "By modernizing and clarifying the rules for Aggie Bonds and Industrial Development Bonds for the first time in over 30 years, we can ensure that first-time farmers and entrepreneurs can access the capital they need to get started, create jobs, and fuel our communities."

"We're thrilled that MAMBA has been introduced in the U.S. Senate with bipartisan support. In the wake of the COVID-19 pandemic and amid increased global economic competition, it has become clear that investments in farmers and manufacturers are necessary to shore up the United States' supply chains. By updating the 40-year-old rules around agricultural and manufacturing bonds, MAMBA allows for the innovative financing tools necessary to invest in local communities and provide a bulwark against future food and supply chain disruptions," **said Council of Development Finance Agencies President and CEO Toby Rittner.** "Senators Brown and Ernst have been great champions of farmers and manufacturers and the development finance industry as a whole, and I'm thankful for their commitment to those key pillars of the U.S. economy."

"**The Iowa Finance Authority is proud to join the National Council of State Agricultural Finance Programs in supporting the MAMBA legislation.** The enhancements to Aggie Bonds in the MAMBA legislation will allow more beginning farmers to qualify for the program as well as allow more bond dollars to be utilized when purchasing or constructing facilities. With historically high land prices and increasing interest rates beginning farmers need as many financing opportunities as possible. Aggie bonds provide low interest rate financing opportunities to help beginning farmers realize their dreams of farm ownership."

MAMBA will:

- Improve the ability of Aggie Bonds to support the next generation of farmers by increasing the limit on small-issue bonds for first-time farmers from a current $450,000 to $1 million;
- Triple the bond size limitation from $10 million to $30 million, indexed to inflation, for IDBs to qualify for small-issue bonds;

- Remove loan restrictions for first-time farmers when purchasing land, farm equipment, or additional agricultural facilities;
- Allow up to a quarter of bond proceeds to be used for facilities that are located on the same site or ancillary to a manufacturing facility;
- Align Aggie Bond definitions with the U.S. Department of Agriculture Farm Service Agency definitions by calculating substantial farmland with the county median rather than the average—making it easier for lenders to provide affordable capital to first-time farmers. In Iowa, this means a beginning farmer could own more acres and still qualify for the program; and
- Expand the definition of manufacturing to reflect today's advanced manufacturing environment, allowing more businesses to qualify for these financing opportunities.

###

October 5, 2023

The Honorable Sherrod Brown United States Senate Washington, D.C. 20510	The Honorable Joni Ernst United States Senate Washington, D.C. 20510

Re: Support for the Modernizing Agricultural and Manufacturing Bonds Act

Dear Senators Brown and Ernst:

On behalf of ICBA and the nearly 50,000 community bank locations we represent, I write to thank you for introducing S. 2723, the *Modernizing Agricultural and Manufacturing Bonds Act*. S. 2723 would modify the private activity bond rules with respect to small issue bonds for manufacturing and the financing of land and equipment by first-time farmers (known as "Aggie Bonds") for the first time in nearly 40 years. Among other provisions, the bill would:

- Raise the threshold amount which can be used for land and equipment acquisition by a first-time farmer from $450,000 to $1,000,000 and index that amount to inflation.
- Expand the types of manufacturing facilities that qualify for qualified small issue bonds.
- Increase the maximum bond size limitation for manufacturing to $30 million.

Together these provisions will create lower interest rates to support job creation in the critical industries of manufacturing and agriculture. Helping first-time farmers obtain affordable financing will promote competition in agriculture and help deter consolidation. Community banks help facilitate Aggie Bonds by intermediating between the borrower and state governments with authority to issue qualified bonds. Community banks perform the application process to ensure the borrower qualifies, collect loan payments, and assume credit risk.

Thank you for introducing S. 2723. We look forward to working with you to advance the bill.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

WASHINGTON, DC
1615 L Street NW
Suite 900
Washington, DC 20036

SAUK CENTRE, MN
518 Lincoln Road
P.O. Box 267
Sauk Centre, MN 56378

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Modernizing Agricultural and Manufacturing Bonds Act (MAMBA)

The **Modernizing Agricultural and Manufacturing Bonds Act (MAMBA)** is a common-sense, bipartisan, targeted reform package that will modernize two categories of qualified small issue private activity bonds: Small Issue Manufacturing Bonds (more commonly known as **Industrial Development Bonds** (**IDBs**)), and First-Time Farmer Bonds (also called **Agricultural Bonds**, or simply **Aggie** Bonds). These types of bonds are key economic development tools used by state and local agencies to finance the small- to mid-sized manufacturing and agricultural sectors.

Unfortunately, IDBs and Aggie Bonds have not been modernized in over 30 years, causing stagnation and decline in these respective industries. Over the past decade, IDB and Aggie Bond issuances have substantially declined due in major part to the outdated rules and regulations that govern the use of these bonds. The six reforms contained within MAMBA will update the Internal Revenue Code (IRC)'s private activity bond rules for IDBs and Aggie Bonds. The six reforms are as follows:

1. Expand the definition of “manufacturing facility”
2. Eliminate restrictions on “directly related and ancillary facilities”
3. Increase the maximum IDB size limitation from $10 million to $30 million
4. Increase the limitation on small issue bond proceeds for first-time farmers
5. Repeal the separate dollar limitation on the use of small issue bond proceeds for depreciable property
6. Modify the definition of “substantial farmland”

Reform 1 – Expand the definition of “manufacturing facility”

Current federal law defines a “manufacturing facility” as one that produces tangible property. However, manufacturing processes, production, and technology have changed significantly since this definition was established. Today’s manufacturers encompass more modern, high-tech, and intangible manufacturing practices such as bio-technology, energy generation, food processing, software, design and formula development, and intellectual property. CDFA proposes expanding the definition of manufacturing, which would enable small issue manufacturing bonds to support manufacturers that produce software, patents, copyrights, formulas, processes, designs, patterns, know-how, format, and similar intellectual property. The expanded definition would align the growing high-tech manufacturing sector with the tools necessary to finance industry growth and expansion, making an immediate impact nationally on job creation and manufacturing investment.

Reform 2 – Eliminate restrictions on “directly related and ancillary facilities”

The current usage of small issue manufacturing bonds is limited to the financing of facilities that house the production of tangible property, and that are directly related and ancillary to a manufacturing facility. A directly related and ancillary facility is defined as being located on the same site as the manufacturing facility, and not more than 25 percent of the net proceeds of a bond issuance can be used to provide such facilities. Facilities such as offices, locker rooms, and cafeterias are deemed "directly related and ancillary facilities" and thus are limited to a 25% use of net bond proceeds requirement. While a sound idea in theory, in practice the restriction on financing directly related and ancillary facilities has hindered the use of the tool for small-to-mid-sized manufacturers. Eliminating financing restrictions on directly related and ancillary facilities, and allowing manufacturing bonds to finance all facilities that are functionally related and subordinate to a manufacturing facility, will significantly improve the usability of the tool.

Reform 3 – Increase the maximum IDB size limitation from $10 million to $30 million

The decision to increase the maximum bond size limitation from $10 million to $30 million is based on several issuer and industry surveys conducted by the Council of Development Finance Agencies. Issuers in every U.S. state have informed CDFA that most projects demand a total issuance amount of between $15 and $30 million. The $10 million limit on bond issuance is forcing many issuers to forgo the financing of worthwhile projects, hurting local economies. Additionally, in today's terms the $10M bond size limit that was established in 1979 has less than a third of the financing power that it had when the limit was set in 1979. Increasing the maximum bond size limit to $30 million would remedy the problem of reduced financing power.

Reform 4 – Increase the limitation on small issue bond proceeds for first-time farmers

The IRC provides that no more than 25 percent of bond proceeds may be spent on land acquisitions, and that no portion of bond proceeds may be used for the acquisition of land for farming purposes. However, the IRC provides an exception to this rule for land acquisitions by first-time farmers. The IRC states that the maximum issuance amount that can be used for farming purposes is $450,000. The $450,000 amount was set in 2007 and indexed to inflation. The proposed increase to $552,500 would bring the total issuance amount stated in the IRC in line with the current issuance limitation.

Reform 5 – Repeal the separate dollar limitation on the use of small issue bond proceeds for depreciable property

First-time farmers that gain access to small issue bond proceeds can currently only use $62,500 of those proceeds for used depreciable property and $250,000 for existing buildings, farm improvements, and/or new depreciable agricultural property. Given the numerous restrictions that already apply to the usage of small issue bonds by first-time farmers, the separate dollar limitation is overly restrictive and has turned-off many would be farmers to the agriculture industry. By eliminating the separate dollar limitation, first-time farmers would have the freedom to use the entire $552,500 issuance for farming equipment, breeding livestock, and other capital assets essential to farming operations.

Reform 6 – Modify the definition of "substantial farmland"

The 2014 Farm Bill changed the ownership limitation of a qualified beginning farmer to someone whose land ownership does not exceed 30 percent of the *average* acreage in a given county. Previously, the ownership limitation was defined as land ownership not exceeding 30 percent of the *median* county acreage. For reasons explained in the following paragraph, the change from median to average is beneficial to beginning farmers. However, the IRC still defines first-time farmers (equivalent to beginning farmers) as individuals owning less than 30 percent of the *median* county acreage. Most loans to first-time farmers combine the proceeds of a small issue bond issuance with a loan from the USDA Farm Services Agency (FSA), yet the 2014 Farm Bill changed how the FSA defines beginning farmers. The differing definitions impedes the ability of lenders to combine small issue bonds with FSA loans, limiting the availability of affordable capital for first-time farmers. By bringing the IRC land ownership definition in line with the FSA definition, small issue bonds can once again become a usable financing tool for first-time farmers.

Alongside the obvious need for technical alignment between the FSA and IRC definitions, the rapid growth of hobby farms (small farms operated for pleasure rather than for primary income) over the last decade strengthens the argument for changing the IRC definition of substantial farmland. The rapid growth of hobby farms has skewed the median size of substantial farmland downward, making it harder for first-time farmers to access small issue bonds. Changing the definition of substantial farmland to 30 percent of the *average* size instead of median would correct this problem. The enormous size of certain industrial farms (ranging from several hundred to several thousand acres) will generally skew the definition of substantial farmland upward, so long as the average size is used instead of median size.

<u>MAMBA's Impact on Rural Development</u>

Over the past several decades the average age of principal farm operators in the U.S. has steadily increased, with more than 31 percent of principal operators identifying as 65 or older in a 2012 study.[1] While an aging farm workforce is partly attributable to the decline of the foreign-born farm laborer population, as well as the drop off in family farm succession planning (where family members raised in farming do not build a career in farming), a primary driver behind the aging workforce is the inability of new farmers to access land and capital. The USDA reports that farmland values have been increasing since 2000, with farm real estate values in the Corn Belt more than twice the national per-acre average in 2018.[2] For many aspiring young farmers, the cost of purchasing the land and equipment necessary is prohibitively high, forcing them to look elsewhere for jobs and careers. Declining interest and participation in farming hurts the rural economy, and eliminates job opportunities for rural citizens that depend on the availability of labor-intensive jobs for income. By improving the usability of small issue bonds for first-time farmers, Congress can take a meaningful step forward in supporting the rural economy by improving an established financing tool that offers low-cost, flexible capital.

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[1] Economic Research Service, United States Department of Agriculture. "Beginning Farmers and Age Distribution of Farmers." Last modified April 26, 2019. https://www.ers.usda.gov/topics/farm-economy/beginning-disadvantaged-farmers/beginning-farmers-and-age-distribution-of-farmers/

[2] Economic Research Service, United States Department of Agriculture. "Farmland Value." Last modified September 6, 2018. https://www.ers.usda.gov/topics/farm-economy/land-use-land-value-tenure/farmland-value/

Manufacturing is of nearly equal value to the rural economy as farming/agricultural production, with manufacturing jobs offering higher earnings than both agriculture and mining. According to the USDA, manufacturing jobs totaled 2.5 million in 2015 whereas farm jobs totaled 1.4 million. By extension, manufacturing earnings make up 21 percent of rural private nonfarm earnings.[3] Unfortunately, despite the importance of the manufacturing sector to the rural economy, the industry has been in near constant decline since 2000. Competition from overseas, the advance of manufacturing technology, and the rural-to-urban population shift have each contributed to the decline of the rural manufacturing sector. In an effort to counteract the decline, Congress should pass the Modernizing Agricultural and Manufacturing Bonds Act, which contains specific reforms to manufacturing bonds that would aid the rural economy. Research suggests that financing manufacturing plant development in rural areas is an essential step in sustaining the manufacturing sector, and the reforms outlined in MAMBA would dramatically improve the ability of bond issuers to support plant/facility development.

MAMBA's Connection to Opportunity Zones

Although the basic incentive to invest in an Opportunity Zone is the same across all U.S. cities, states, regions, and territories, some Opportunity Zones have a clear strategic advantage in attracting Opportunity Fund investments over others. For example, Opportunity Zones located in urban areas that are already experiencing economic growth will have an advantage in attracting equity investments from Opportunity Funds over Opportunity Zones located in more depressed areas. As the most valuable piece of the Opportunity Zones incentive is the permanent exclusion on Opportunity Fund gains over 10 years from taxes, smart investors will look to make their investments in areas that will generate the largest gains. More often than not, the largest gains will be found in the Zones that are already experiencing economic growth and that have the best long-term economic indicators. While competition between OZs is an unavoidable – and often desirable – consequence of market-driven incentives, additional economic development tools will be needed to maintain some competitive balance between the more relatively prosperous OZs and their most highly-distressed counterparts.

The Modernizing Agricultural and Manufacturing Bonds Act can help alleviate the competitive imbalance between Opportunity Zones by strengthening an already widely used economic development tool – Small Issue Bonds – for supporting small manufacturers and first-time farmers. Smaller communities that lack investment-ready projects will need to do more work to position themselves for Opportunity Fund investments. By improving the usability of Small Issue Bonds, communities around the country can get projects off the ground in struggling Opportunity Zones and create more viable investment opportunities for fund managers. Agricultural bonds for first-time farmers can be used to support the purchase of land in rural Opportunity Zones, which could then be used in the development of industrial agriculture production centers. Similarly,

[3] Sarah A. Low, Economic Research Service, United States Department of Agriculture. *Rural Manufacturing Survival and Its Role in the Rural Economy*. October, 2017. https://www.ers.usda.gov/amber-waves/2017/october/rural-manufacturing-survival-and-its-role-in-the-rural-economy/

manufacturing bonds can be used to purchase vacant or abandoned buildings in Opportunity Zones, which then can be converted into facilities or warehouses for the production of tangible and/or intangible goods. In either scenario, modernized Small Issue Bonds could be used to create investment opportunities for Opportunity Funds where none previously existed.

(614) 705-1300 | www.cdfa.net | 100 E. Broad Street, Suite 1200 Columbus, OH 43215

TAB 6

The FRAME Act

Farmer Risk Abatement Mitigation and Election (FRAME) Act

The Problem

- Farming is a business with a high amount of uncontrollable risk, yet it is also essential in maintaining the U.S. food supply as the most affordable and safest in the world while also allowing us to avoid reliance on foreign sources to feed ourselves
- Unfortunately, Congress' support mechanisms for farmers often are not enough or come too irregularly for farmers to rely on it to support their operations in hard times
- Additionally, local issues like a disease, hailstorm, or drift from a misused pesticide may be too small scale to attract federal assistance but can still devastate individual operations

The Solution

- **Empower farmers to save in good times, so they can better support themselves in bad times, instead of relying on the uncertain political whims of Washington**

FRAME Accounts

- **FRAME Accounts are like Health Savings Accounts (HSA) for farmers**
- Like an HSA, farmers can open a FRAME account with a bank and deposit a certain amount each year tax-free ($50,000/yr max)
- Farmers can then make tax-free withdrawals from their FRAME accounts to cover losses from natural or economic disasters, which would have been helpful for many this year
- Other features of FRAME Accounts include: 10% tax credit for the first 3 years of contributions, a $500,000 limit, and penalties for withdrawing from the account for unauthorized purposes

Bottom Line

- FRAME Accounts allow producers to take greater control of their operations health versus waiting for government payments that might not be enough, come in time, or come at all
- **FRAME Accounts may not help farmers through the current crisis, but they will prepare them for the next!**

Other Information

Crawford introduced this bill in 4 previous Congress' most recently in the 115th: H.R. 1400
Crawford's testimony House Ag Committee on FRAME Act (begin 1:08:50): HAC Testimony 2/11/25
Crawford's testimony House Ways & Means on FRAME Act (begin 4:38:00): W&M Testimony 1/22/25
FRAME Act Press Release from 115th Congress: Press Release 3/2/17

To cosponsor or for further questions please email: James.Hodges@mail.house.gov

Tab 7

Farmer Mac

FARMER MAC

2023 Q4 GOVERNMENT AFFAIRS FACT SHEET

Accelerating Rural Opportunities

OUR MISSION

Farmer Mac is a publicly traded company driven by our mission that helps to **build a strong and vital rural America.**

As a Government Sponsored Enterprise, we create a secondary market that increases access to credit for the benefit of American agricultural and rural communities by enabling lenders to offer flexible and competitive financing to eligible farmers, ranchers, agribusinesses, and rural infrastructure providers.

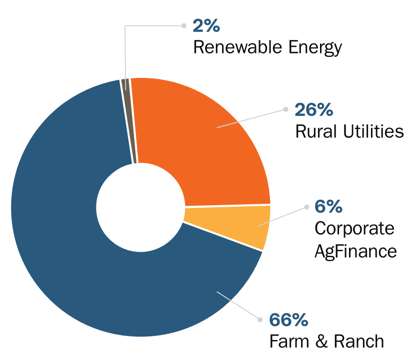
WHERE WE FIT IN THE ECOSYSTEM

AREAS OF FOCUS

OUTSTANDING BUSINESS VOLUME

Note: Table may not sum to total due to rounding.

LINE OF BUSINESS	SEGMENT	VOLUME ($ IN BILLIONS)
AGRICULTURAL FINANCE	Farm & Ranch	$18.8
	Corporate AgFinance	$1.7
RURAL INFRASTRUCTURE FINANCE	Rural Utilities	$7.5
	Renewable Energy	$0.5
TREASURY	Funding	—
	Investments	—
TOTAL AS OF 12/31/2023		**$28.5**



$28.5 BILLION TOTAL AS OF 12/31/2023

KEY METRICS AS OF 12/31/2023

- **90-day delinquencies** of **0.12%** across all lines of business
- **Monthly average of 307 days of liquidity,** well above 90-day minimum requirement
- **Tier-1 capital ratio** of **15.4%**, well above the minimum governing policy of 9.5%
- **Core capital of $1.5 billion,** exceeding statutory requirement by **74%**

FARMER MAC

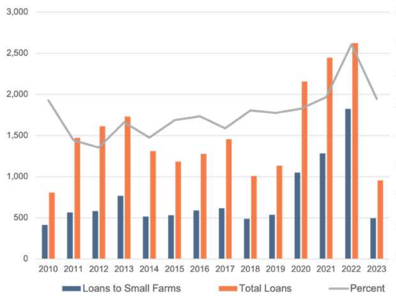
2023 Q4 GOVERNMENT AFFAIRS FACT SHEET

Accelerating Rural Opportunities

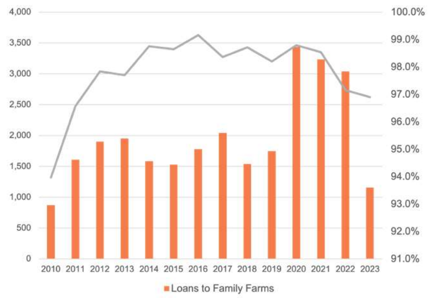
OUR COMMITMENT TO SMALL AND FAMILY FARMS

Farmer Mac's mission serves producers across America, with a special emphasis on our ability to increase the accessibility of financing for small and family farms.

LOANS TO SMALL FARMS*



LOANS TO FAMILY FARMS*



***Note:** Small Farms includes Farm & Ranch loans and is defined as one that generates less than $350,000 in annual gross sales of agricultural or aquatic products. This definition excludes any properties used for rural housing or part-time farming. Family Farms includes Farm & Ranch and USDA-Guaranteed Securities and is defined as a individual or family unit operator of a family farm. A family farm is any farm where the majority of the business is owned by the operator and individuals related to the operator by blood or marriage, including relatives who do not reside in the operator's household.

REALIZING OPPORTUNITIES FOR RURAL AMERICA

Ever since our founding in 1988, Farmer Mac has operated under a charter authorized by Congress, and the Farm Bill is an opportunity for Congress to review and update our charter to meet the ever-evolving credit needs of the agricultural sector and rural America.

For the current bill reauthorization cycle, we are proposing four simple and impactful changes:

1. **ELIMINATE THE "2,000-ACRE RULE"**
   The 2,000-acre rule is an arcane statutory limitation that the Farm Credit Administration says "provides no safety and soundness benefits to Farmer Mac and creates impediments to agricultural producers' access to Farmer Mac's secondary market." Farm real estate loans sold to Farmer Mac save borrowers an estimated $80,000 in interest over the life of the loan. Eliminating the 2,000-acre rule would allow all producers the option to utilize benefits provided by the secondary market that can improve their profitability.

2. **ALLOW FARMER MAC TO SUPPORT ALL USDA-GUARANTEED LOAN PROGRAMS**
   Only USDA-guaranteed loans authorized under the Consolidated Farm and Rural Development Act of 1971 (Con Act) qualify for Farmer Mac's secondary market benefits. In recent years, Congress has established a number of new USDA-guaranteed loan programs authorized outside of the Con Act. These guaranteed loan programs are ineligible for Farmer Mac's secondary market. Updating Farmer Mac's charter to cover all USDA-guaranteed loan programs will inject more capital and liquidity in the marketplace. This will help support the delivery of USDA loan guarantee program levels authorized by Congress each year.

3. **ELIMINATE THE COOPERATIVE LENDER REQUIREMENT FOR RURAL INFRASTRUCTURE LOANS**
   Infrastructure projects supporting energy and telecommunications are not eligible for the benefits provided by the secondary market unless the loan is by a lending institution organized as a cooperative. Allowing the secondary market to support all lenders will provide more capital and liquidity into the marketplace while helping to expand telecommunications connectivity and the deployment of renewable energy.

4. **STRENGTHEN THE SUPPLY CHAIN AND VALUE-ADDED AGRICULTURE**
   Farmer Mac currently provides competitive financial solutions to agribusinesses—but only if businesses pledge a first-lien mortgage on agricultural real estate. Allowing other forms of collateral or unsecured financing would free more capital to shore up vulnerabilities in the U.S. food supply chain.

CONTACT INFORMATION

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AGM LISTED NYSE | AGM.A LISTED NYSE

Tab 8

Misc. Items

59% of Ag Economists Think Congress Won't Pass a New Farm Bill Until 2026

The April Ag Economists' Monthly Monitor found most agricultural economists think it could be 2026 before we see Congress final pass a new bill. One reason why is the fact Congress passed $10 billion in ECAP payments late last year.

TYNE MORGAN

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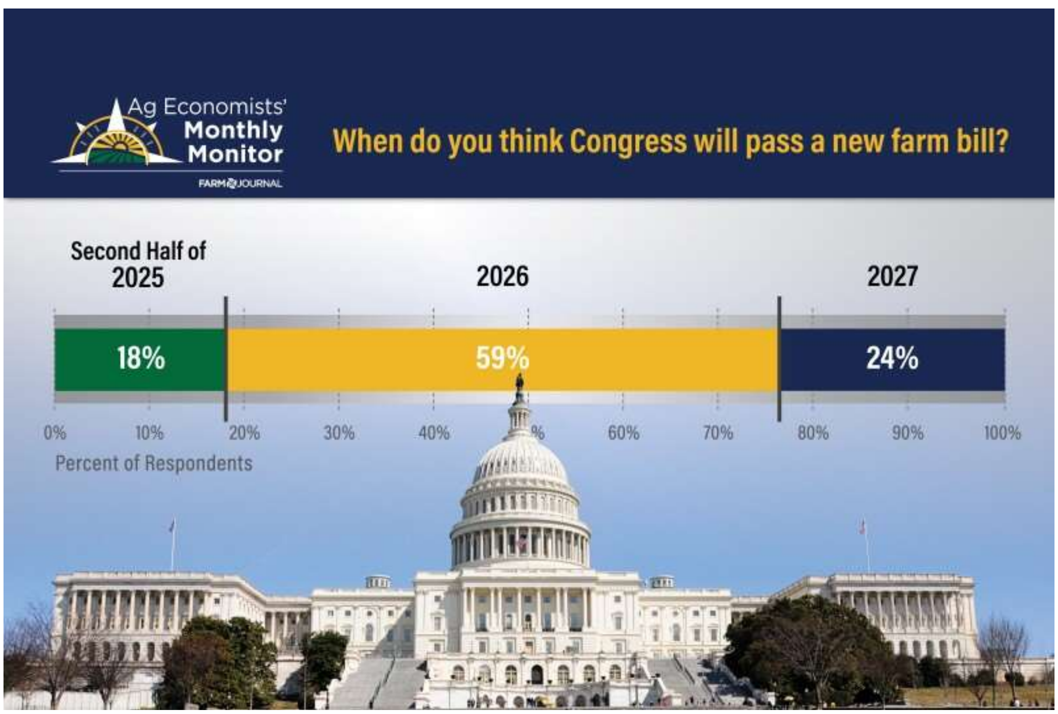
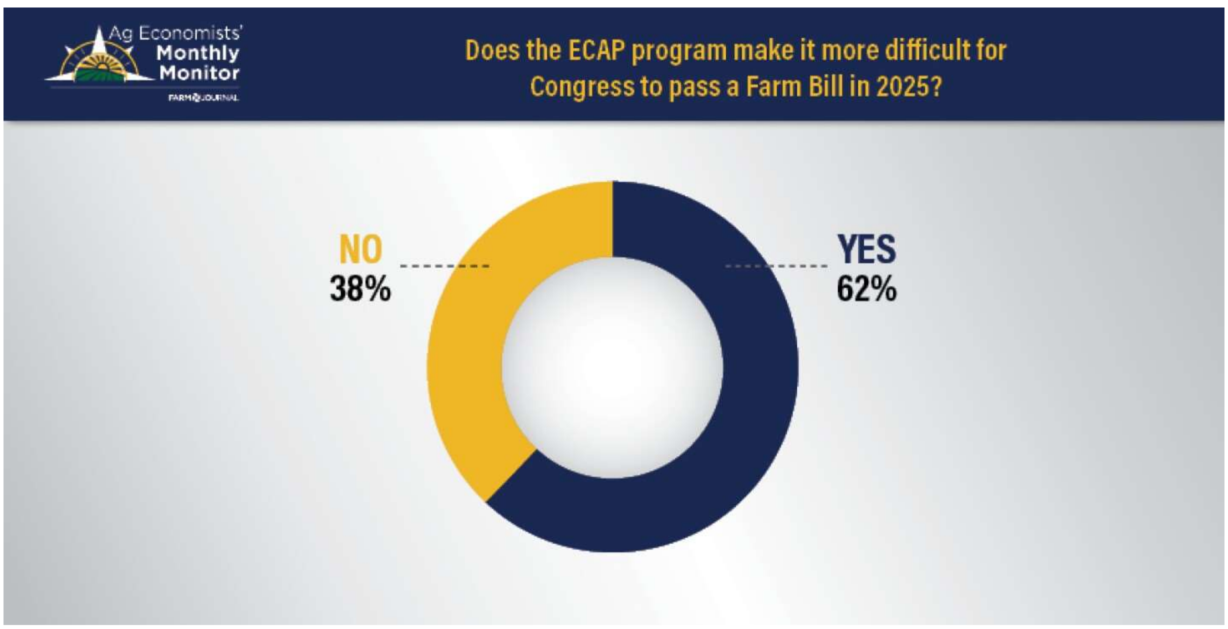
May 08, 2025 03:21 PM



(Photo: Lindsey Pound)

It’s a contentious battle continuing to play out in Congress. Two years overdue, Congress still hasn’t passed a new farm bill, and as the calendar approaches the half-way point of 2025, optimism of passing a farm bill this year is waning.

The April Ag Economists’ Monthly Monitor found most agricultural economists think it could be 2026 before we see Congress finally pass a new bill. One reason why, according to agricultural economists, is the fact Congress passed $10 billion in financial relief payments late last year.



The April Monthly Monitor asked the nearly 70 ag economists surveyed each month when they think Congress will pass a new farm bill:

- 59% said 2026
- 24% think it won’t happen until 2027
- 18% said the second half of 2025.

April Ag Economists’ Monthly Montior

None of the economists think Congress will pass a new farm bill in the first half of 2025. The survey also asked economists, “Does the Emergency Commodity Assistance Program (ECAP) program make it more difficult for Congress to pass a new farm bill this year?

- 62% said yes
- 38% responded no.

Most major agricultural groups argue that the current farm bill is outdated. Passed in 2018, it was designed to cover five years. Congress has passed an extension for two straight years that’s helped agriculture limp along, but another extension might not suffice in addressing the current financial pain being felt on the farm, especially for cotton and rice farmers.

Other Hurdles for Passing a Farm Bill in 2025

Even with the GOP in control of the House and Senate, it’s no secret one of the main obstacles in passing a new farm bill, or any bill in Washington, is the budget.

The April Ag Economists’ Monthly Monitor asked economists what are the biggest hurdles in passing a new farm bill, the top response was budget. But economists also say Congress is racing against a calendar, and deeper cuts to SNAP could end up hurting agriculture priorities in the end. One economist even argued ARC and PLC just aren’t effective programs.

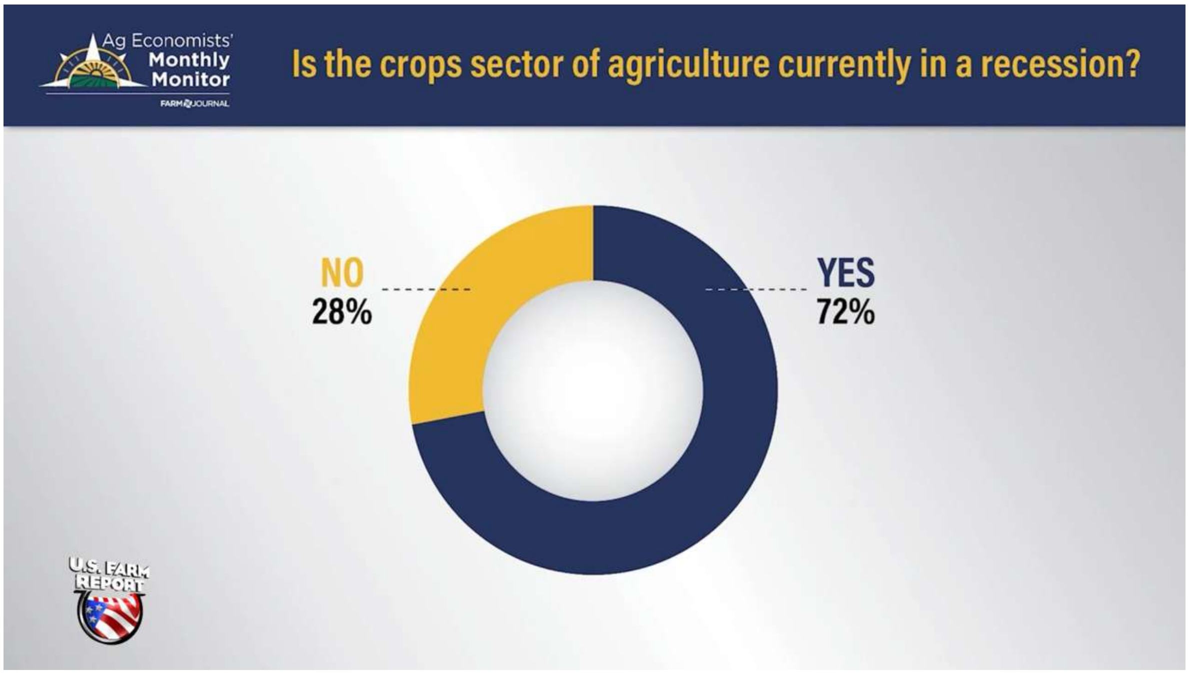
- “The farm bill just isn’t as important to the administration as is getting their policy agenda through Congress,” said one economist.

- “The budget. If farm legislation is approved in 2025, it will likely be part of the budget reconciliation bill and passed without Democratic support, meaning increased support for farmers is provided by deeper cuts in SNAP. Only if that effort collapses is there any real possibility of a bipartisan farm bill,” said another economist in the anonymous survey.
- “In general, Congress has difficulty passing any legislation. This is very detrimental to the long-run health of U.S. agriculture and the U.S. economy. We simply have to address entitlements and deficit spending in the next few years.”
- “If the new farm bill has to have no new spending similar to the 2018 farm bill, then which title wins and which title loses is the biggest fight,” an economist said in the April survey.
- “They have to be working on a bill first. Currently, I do not think a bill is even in the works,” said another economist.
- “Pushing back on SNAP,” stated an economist.

Bottom line: The likelihood of passing a farm bill this year is low. Both the Senate and House Committees say it’s a top priority and are working behind the scenes to get a farm bill passed this year, but similar bottlenecks remain, which are a lack of additional funding and a polarized Congress. Debates were heated this week, and the blame game continues. Until Congress can find a way to compromise on Title I and SNAP, the stalemate could continue.

Concerns About a Recession in Agriculture

The farm economy doesn’t seem to be improving. The latest Ag Economists’ Monthly Monitor shows agricultural economists are also growing more pessimistic about the ag economy. The April survey found 72% of ag economists say the row crop side of agriculture is in a recession, up from 62% last month. Eighty-two percent of economists also think this could force more consolidation in agriculture.



The Ugly Truth: 72% of Economists Say Agriculture is in the Middle of a Recession
The April Ag Economists' Monthly Monitor shows with ag in the middle of a trade war, the stakes are high. The key is whether Trump’s policies push ag deeper into a recession or if new trade deals could mean big business for agriculture.
Play Video

Farm BillAg Economists Monthly MonitorFarm Economy