

Dear Members of the House of Representatives:

The undersigned state banking associations, which represent 5,700 community banks in the United States, most of which are in rural areas, thank you for your untiring work in developing a new farm bill to replace the current legislation which expires September 30. Farm income has dropped precipitously by over 50 percent since 2013 making a new farm bill vital to our nation's farmers and ranchers, our rural communities and the community banks that serve them.

While there is much work yet to do on the farm bill, we make the following recommendations as the bill moves to the House floor. A robust commodities title is necessary to help farmers survive the current distress impacting the farm economy.

Crop insurance is a vital risk management tool for producers, enabling them to obtain loans and repay loans when widespread weather disasters strike. Crop insurance has been an overwhelmingly successful program representing a true partnership between producers and taxpayers, with farmers contributing nearly \$4 billion per year towards premium costs. Rural bankers will tell you emphatically whatever you do in the farm bill, do not make cuts to the crop insurance program. We strongly urge you to oppose any amendments that reduce funding for crop insurance programs, including those that raise premium rates by restricting participation or reducing premium support to certain producers or those that raise costs of private sector delivery.

The United States Department of Agriculture (USDA) should be provided greater flexibility for guaranteed farm loan programs. Guaranteed farm loan limits should be raised from the current \$1.4 million level to \$2.5 million to accommodate the needs of modern day family farmers. The commercial banking sector is the largest provider of production loans to farmers and ranchers and it will be much easier to continue serving producers experiencing financial stress if Congress provides ample funding and raises loan limits for these programs. Banks and their borrowers should also be able to choose to obtain loan approval in either the county where the bank is located or where the producer is located to speed up processing time and better accommodate the thin resources of many county offices and their staffs.

We strongly oppose any expansion of the Farm Credit System's (FCS) lending and investing authorities. The FCS is a government sponsored enterprise (GSE) with significant tax and funding advantages over private sector, tax-paying commercial banks. The FCS's overall tax burden is 0.7 percent and FCS's numerous advantages allow their cherry-picking of banks' best loan customers. We urge members to reject any effort to expand FCS activities and ensure FCS loans and investments match the lending constraints in current statute.

Thank you and we look forward to working with you as the Farm Bill moves through Congress.

Sincerely,

Alabama Bankers Association, Inc.
Arkansas Community Bankers
Arizona Bankers Association
Community Bankers of Washington

California Community Banking Network
Independent Bankers of Colorado
Florida Bankers Association
Community Bankers Association of Georgia
Community Bankers of Iowa
Idaho Bankers Association
Community Bankers Association of Illinois
Indiana Bankers Association
Community Bankers Association of Kansas
Bluegrass Community Bankers Association
Louisiana Bankers Association
Massachusetts Bankers Association, Inc.
Maryland Bankers Association
Maine Bankers Association
Community Bankers of Michigan
Independent Community Bankers of Minnesota
Missouri Independent Bankers Association
Mississippi Bankers Association
Montana Independent Bankers
North Carolina Bankers Association
Independent Community Banks of North Dakota
Nebraska Independent Community Bankers
New Hampshire Bankers Association
New Jersey Bankers Association
Independent Community Bankers Association of New Mexico
Independent Bankers Association of New York State
Community Bankers Association of Ohio
Community Bankers Association of Oklahoma
Oregon Bankers Association
Pennsylvania Association of Community Bankers
Independent Banks of South Carolina
Independent Community Bankers of South Dakota
Tennessee Bankers Association
Independent Bankers Association of Texas
Virginia Association of Community Banks
Vermont Bankers Association, Inc.
Wisconsin Bankers Association
Community Bankers of West Virginia
Wyoming Bankers Association