



2025

Fall Leadership Meetings

Rural America & Agriculture Committee

Friday, October 24

Hyatt Regency Hill Country

San Antonio, TX



Rural America and Agriculture Committee (RAAC)

Agenda

Friday, October 24, 2025 9:30 a.m. – 12:30 p.m.

Room: **Independence 7**

- | | |
|---------------|--|
| 09:30 – 09:45 | Opening Remarks and Brief Self-Introductions |
| 09:45 – 10:15 | ACRE / Farmer Mac use of ACRE |
| 10:15 – 11:00 | Discussion of Farm Bill & Rural / Ag Issues <ul style="list-style-type: none">• Farm Aid Status• Farm Bill Issues (Credit / Rural Development)• Other Issues |
| 11:00 – 11:10 | Break |
| 11:10 – 12:20 | Farm Bill & Rural / Ag Issues (Cont.) |
| 12:20 – 12:30 | Wrap-up / unfinished business |
| 12:45 p.m. | Independence 4-5 |

All-Committee Member Luncheon



RAAC Meeting – Table of Contents

TOC / Meeting Agenda / Roster

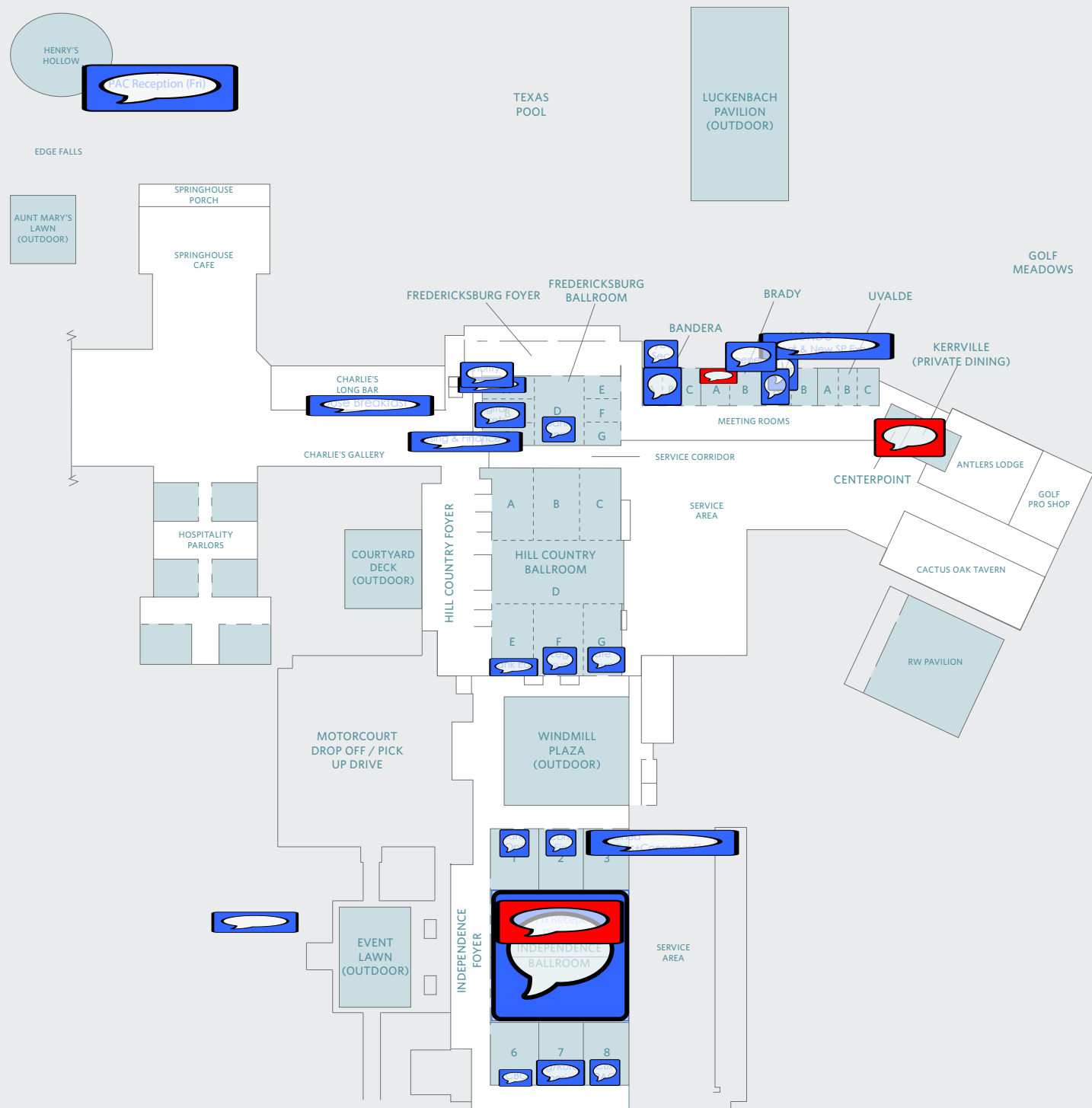
Discussion Tabs

<i>TAB 1</i>	<i>ACRE Docs & Issues</i>
<i>TAB 2</i>	<i>Farm Aid Status</i>
<i>TAB 3</i>	<i>FCS Issues</i>
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<i>TAB 5</i>	<i>Miscellaneous Items</i>
<i>TAB 6</i>	<i>Breakout Discussion Points – small groups</i>

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Lobby Floor



Rural America & Agriculture Committee

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Merchants & Planters Bank
Newport, AR

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The Tri-County Bank
Stuart, NE

Committee Member

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Kerkhoven, MN

Jennifer Beard
Farmers State Bank
Elmwood, IL

Ben Chandler
First Financial Bank
El Dorado, AR

William Scott Curry, II
First State Bank of Randolph County
Cuthbert, GA

Douglas Fish
BTC Bank
Bethany, MO

Dawn Flaten
Dakota Heritage Bank
Hope, ND

Copper W. France
Bank of Commerce
Rawlins, WY

Brian Gilbert
The First National Bank In Sioux Falls
Sioux Falls, SD

Charles M. Gnuse
United State Bank
Lewistown, MO

Wade Gort
Premier Bank
Rock Valley, IA

Aaron S Green
Pendleton Community Bank, Inc.
Harrisonburg, VA

Joshua Hogue
Reliabank Dakota
Watertown, SD

Rick Carrol Holder
Cattlemens Bank
Gould, OK

Stephen Lewis
First National Bank of Coffee County
Douglas, GA

Shannon Lockard
Commercial Capital Bank
Delhi, LA

Sam Nunn
Citizens Bank
Amarillo, TX

Michael J. Olson
The Bank Of Brodhead
Brodhead, WI

Galen H. Pelton
Grant County Bank
Ulysses, KS

Greg R. Raymo
First State Bank Southwest
Worthington, MN

Duane S Whitlock
ANB Bank
Worland, WY

Brett A. Wiedenfeld
Bank of Hartington
Hartington, NE

Executive Committee Liaison

Quentin Leighty
First National Bank Colorado
Monument, CO

State Executive (ex-officio)

Chris Padgett
Arkansas Community Bankers
Little Rock, AR

ICBA President and CEO

Rebeca Romero Rainey
Independent Community Bankers of America
Washington, DC

ICBA Staff Liaison

Mark K. Scanlan
Independent Community Bankers of America
Washington, DC

Tab 1



Discussion Points on ACRE

- **Presentation by Jackson Takach, Farmer Mac.** Update on how Farmer Mac may be able to provide additional assistance to banks on behalf of their customers and update on Farmer Mac.
- Discussion of any further messaging to the Treasury department on banker views on Farmer Mac.
- To what extent, if any, will your bank plan to utilize ACRE? What is your biggest potential obstacle to using ACRE? Workaround?
- Ways to maximize benefits of ACRE in future legislation.
 - Increase 25% exemption
 - Remove / redefine 'refinancing' prohibition.
 - Other
- Best way to define refinancing prohibition?

JACKSON TAKACH

Chief Economist and Vice President of Strategy,
Research, and Analytics

Jackson Takach, the Chief Economist and Vice President of Strategy, Research, and Analytics at Farmer Mac, is a Kentucky native whose strong ties to agriculture began while growing up in the rural town of Scottsville. He joined the Farmer Mac team in 2005 and has worked in the strategy, research, credit, and underwriting departments.

His focus at Farmer Mac includes industry analysis and thought leadership, quantitative business data analytics and modeling, and strategic lending partnership development and activation. Jackson is a lead author and creator of The Feed, Farmer Mac's publication on ag and the rural economy, and he regularly presents to lenders, producers, and industry experts throughout the year.

Jackson holds a Bachelor's degree in economics from Centre College, a Master's degree in agricultural economics from Purdue University, a Master's in Business Administration, and a Master's degree in finance from Indiana University's Kelley School of Business. He has also been a CFA charterholder since 2012 and has served as a director on multiple corporate and volunteer boards.



ICBA Survey - October, 2025

Follow up ACRE questions

26 Responses 12:47 Average time to complete Active Status

1. What is your name and the name of your bank?

26
Responses

Latest Responses

"Brett Wiedenfeld, Bank of Hartington"

"Jennifer Beard, Farmers State Bank"

"ANB Bank"

2. Among the loans you make that are secured by agricultural land, for what portion of those loans is the land a primary source of collateral? For what portion of such loans is the land a secondary source of collateral?

26
Responses

Latest Responses

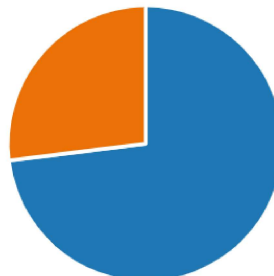
"80%, 20%"

"100% of our ag real estate loans are the primary source ..."

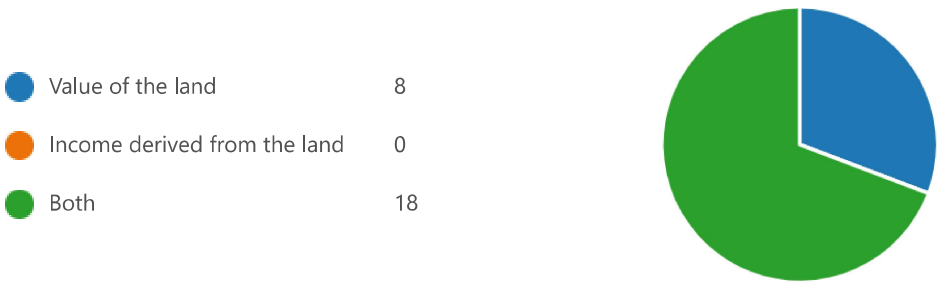
"70 primary, 30 secondary"

3. Among the loans you make that are secured by agricultural land and a second source of collateral, is it more typical that (i) the loans were originated in this form, or (ii) the secondary collateral was added in a restructuring?

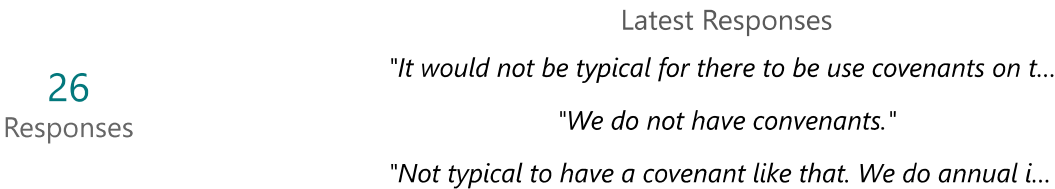
- Originated with two sources o... 19
- Second source of collateral ad... 7



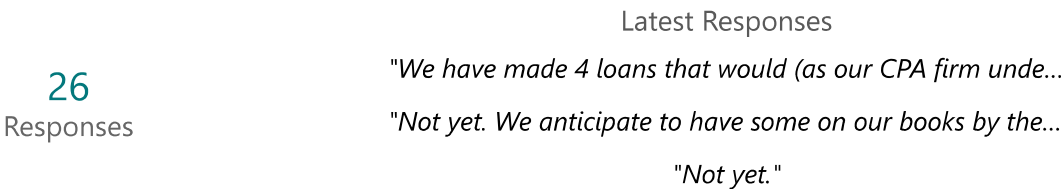
4. When you make a loan that is secured by agricultural land, is it underwritten based on the value of the land or income derived from the land or both?



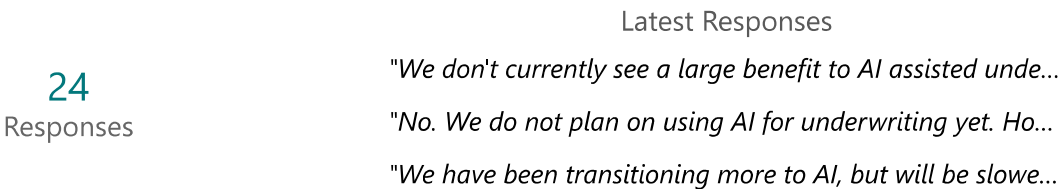
5. Is it typical for an agricultural land loan to include covenants to ensure that there is no change in the use of the land? Do you subsequently monitor the land to ensure that it is being used as intended?



6. Have you made one or more ACRE loans? If so, please briefly describe.



7. OPTIONAL QUESTION NOT RELATED TO ACRE. Do you or do you plan to use AI to assist in underwriting? Why or why not?



Points on ACRE for Meeting with Treasury

What is ACRE?

- ACRE is a long-standing priority of ICBA which has been included in OBBB, albeit in partial form.
- ACRE (as enacted by OBBB) provides a 25 percent tax exclusion for interest earned on bank loans secured by agricultural real estate. Definitions of qualifying lenders and qualifying loans are set forth in the statute.
- ACRE is intended to create partial parity Farm Credit System lenders and thereby create more competition among lenders to the benefit of agricultural borrowers.

Background on Prior Meeting with Treasury

- ICBA met with Treasury staff recently to discuss the implementing rule.
- We encountered friction over our preferred implementation. The Treasury participants contested what it meant for a loan to be “secured by” agricultural real estate and seemed to want to narrow the pool of qualifying loans. They seemed to be contemplating a complex test.

Overarching Message on ACRE Implementation

- Qualifying as many loans as possible will provide interest rate relief for farmers and ranchers and promote rural prosperity. We believe this is what Congress and President Trump intend with the inclusion of ACRE in OBBB.
- The rule should prioritize simplicity, easy implementation and administration. Complex, multi-part tests for qualifying loans would discourage the use of ACRE and undermine its purpose.

Refinancing

- The statute disqualifies “refinancings” from the ACRE benefit. Specifically, the statute provides that “a loan shall not be treated as made after the date of the enactment of this section (i.e., would be disqualified) to the extent that the proceeds of such loan are used to refinance a loan which was made on or before the date of the enactment.”
- The term “refinancing” is used elsewhere in the tax code but is nowhere formally defined.
- Among agricultural bankers, a refinancing is a new loan that pays off the balance of an existing loan. This is typically done to obtain a lower rate or extend the term.

- If the refinancing prohibition is rigidly applied, it will exclude outstanding loans and block the availability of interest rate relief for borrowers who need it most, undermining statutory intent.
- Among agricultural bankers, a loan that includes any “new money” beyond what is needed to pay off the existing loan is not a refinancing. We believe Treasury guidance should recognize this.

Meaning of “Secured by”

According to the statutory language, any loan secured by “rural and agricultural real estate,” as defined by statute, should qualify, not limited to acquisition loans. Examples of qualifying loans should include:

- Operating loans, equipment loans, working capital loans, livestock loans, facility construction loans. All could all be secured by RE.
- A loan may be partially secured by RE in addition to, say, the value of equipment acquired. Such loans should qualify.
- A loan secured by RE that includes a dwelling. Such property is “*substantially* used for the production of one or more agricultural products.” The property is primarily used for agricultural production, though it incidentally includes a dwelling.
- Loans to fund improvements.
- Loans for which RE is an additional, secondary source of collateral, not the only source of collateral, should qualify.
- Loans guaranteed by FSA/USDA.

September 26, 2025

The Honorable Scott Bessent
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue
Washington, D.C. 20220

Dear Secretary Bessent:

On behalf of the Independent Community Bankers of America (ICBA), the undersigned state banking associations, and the thousands of community banks we represent, we write to thank you for your role in working with President Trump and Congress to craft the One Big Beautiful Bill Act (OBBBA).

With these communities in mind, we write to share the recommendations of community banks for the implementation of Section 139L of OBBBA, also known as the Access to Credit for our Rural Economies Act (ACRE). Community banks extend nearly 80 percent of bank agricultural loans. The recommendations we share are based on decades of experience and honed expertise in working with American farmers and ranchers.

Community banks urge you to implement Section 139L to ensure that it will bring needed interest rate relief to American farmers and ranchers and generate growth in surrounding communities. To achieve this, we believe that as many agricultural loans as possible, consistent with the statute and congressional intent, should qualify under Section 139L. An unreasonably narrow interpretation of Section 139L would short change the potential of the OBBBA.

Background on ACRE (Section 139L)

A long-standing priority of community banks, ACRE, as enacted by Section 139L, provides a 25 percent tax exclusion for interest earned on bank loans secured by agricultural real estate. Importantly, this tax exclusion will result in lower interest rates for borrowers, which is the primary purpose of the law. Definitions of qualifying lenders and qualifying loans are set forth in statute. The effectiveness of ACRE depends on the implementation of these definitions. We focus this letter on two of these.

“Secured by rural and agricultural real estate”

Under Section 139L(c)(1)(A), to qualify for the tax exclusion, a loan must be secured by “rural and agricultural real estate.” In addition to loans used to acquire rural and agricultural real estate, we believe that any loan secured by such real estate should qualify. Examples include:

- Operating loans, equipment loans, working capital loans, livestock loans, facility construction loans. All such loans can be and frequently are secured by rural and agricultural real estate.
- A loan that is partially secured by real estate in addition to, for example, the value of equipment or another asset. Real estate as a secondary source of collateral should meet the definition of “secured by rural and agricultural real estate.”
- A loan secured by rural and agricultural real estate that includes a dwelling. Such property may be “*substantially* used for the production of one or more agricultural products” (139L(c)(3)(A)) and incidentally include a dwelling. The statute does not require that the property be *exclusively* used for agricultural production. To attempt to separate the value of the dwelling from the value of the production land would introduce needless ambiguity and complexity in the application of the law.
- Loans to fund agricultural land improvements.
- Loans guaranteed by the Farm Services Administration/United States Department of Agriculture.

A broad interpretation of “secured by rural and agricultural real estate” would simplify the administration of the law and deliver needed interest rate relief to farmers and ranchers.

Refinancing

Section 139L(c)(2) disqualifies “refinancings” from the tax exclusion. Specifically, the section provides that “a loan shall not be treated as made after the date of the enactment of this section (i.e., would be disqualified) to the extent that the proceeds of such loan are used to refinance a loan which was made on or before the date of the enactment.”

The term “refinancing” is not formally defined the tax code. Among agricultural bankers, a loan that includes “new money” beyond what is needed to pay off the existing loan is not a refinancing. It is common practice among agricultural lenders to modify loans as the borrower’s circumstances change to include new money or new collateral or to change loan terms. Such loans should qualify under Section 139L. An overly broad interpretation of “refinancing,” to include, and thus disqualify, all loans that restructure an outstanding loan would block the availability of interest rate relief for borrowers who need it most and undermine statutory intent.

Further, in implementing Section 139L(c)(2), we urge you to avoid a complex and uncertain exercise in allocating interest to the “new money” portion of a loan to calculate the tax exclusion. To ensure that interest rate relief is broadly available to farmers and ranchers, Section 139L should be easy for agricultural lenders to apply and for the IRS to administer. Broadly speaking, an approach that resolves any uncertainties in the definition of refinancing in a way that qualifies more rather than fewer loans would, we believe, be true to the statutory intent of Section 139L and the OBBBA.

Thank you for considering our views. We look forward to working with you to ensure that the implementation of Section 139L strengthens American farmers, ranchers and rural communities.

Sincerely,

Independent Community Bankers of America
Arizona Bankers Association
California Community Banking Network
Connecticut Bankers Association
Community Bankers Association of Georgia
Community Bankers Association of Illinois
Community Bankers of Iowa
Bluegrass Community Bankers Association
Maine Bankers Association
Massachusetts Bankers Association, Inc.
BankIn Minnesota
Missouri Independent Bankers Association
Nebraska Independent Community Bankers
New Jersey Bankers Association

Independent Bankers Association of New York
State
Independent Community Banks of North Dakota
Community Bankers Association of Oklahoma
Pennsylvania Association of Community Bankers
Independent Community Bankers of South Dakota
Independent Bankers Association of Texas
Virginia Association of Community Banks
Community Bankers of West Virginia
Wyoming Bankers Association

Alabama Bankers Association
Arkansas Community Bankers
Independent Community Bankers of Colorado
Florida Bankers Association
Idaho Bankers Association
Indiana Bankers Association
Community Bankers Association of Kansas
Louisiana Bankers Association
Maryland Bankers Association
Community Bankers of Michigan
Mississippi Bankers Association
Montana Independent Bankers
Community Bankers Association of New Hampshire
Independent Community Bankers Association of New
Mexico
North Carolina Bankers Association

Community Bankers Association of Ohio
Oregon Bankers Association
Independent Banks of South Carolina
Tennessee Bankers Association
Vermont Bankers Association, Inc.
Community Bankers of Washington
Wisconsin Bankers Association

CC: Treasury Assistant Secretary for Tax Policy Ken Kies
Treasury Assistant Secretary for Financial Institutions Luke Pettit

Congress of the United States

Washington, DC 20515

September 24, 2025

The Honorable Scott Bessent
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Secretary Bessent:

Thank you for your work as you continue to quickly administer H.R. 1, the One Big Beautiful Bill Act (the Act). We appreciate your efforts to create a pro-growth economy that lifts up rural America, providing job growth and boosting economic activity.

Essential to that discussion is lowering interest rates for rural and agriculture borrowers. As the Senate and House sponsors of the *Access to Credit for our Rural Economy (ACRE) Act*, we are pleased that a version of this legislation has been incorporated into the Act as new Section 139L of the Internal Revenue Code. In turn, we write to convey congressional intent regarding the implementation of Section 139L of the Internal Revenue Code, to ensure any regulations or guidance allow the appropriate application of the law so rural lenders can achieve our shared goal of cutting rates for farmers and rural America.

As established by the Act, Section 139L provides for an exclusion from gross income for certain interest received on loans secured by rural or agricultural real property, with the goal of encouraging capital investment in rural communities and improving credit access for America's farmers, ranchers, and rural families. Congress enacted this provision with a clear purpose: to lower borrowing costs in rural areas and strengthen the economic foundation of the agricultural economy. Section 139L is designed to apply broadly to interest income earned on loans secured by real property substantially used for production agriculture, including an aquaculture facility or the business of fishing or seafood processing.

As your agencies begin to implement the Act, we respectfully urge that administrative guidance and rulemaking align with the legislative intent of maximizing access to affordable credit in rural America. Specifically:

Definition of “refinance” and “refinancings” in Section 139L(c)(2): Congress intended Section 139L to be a tool for qualified lenders to provide lower borrowing costs for farming operations by making new loans and included language that restricted banks from simply

refinancing loans or taking the tax break for loans already on the books. However, the “refinancings” provision in Section 139L(c)(2) was not intended to limit the benefits of the partial gross income exclusion for interest received on qualified real estate loans that are restructured after July 4, 2025 (the Act’s date of enactment) if and to the extent the principal of the post-restructuring loan exceeds the principal of the pre-restructuring loan. Loan restructuring is a common lending practice, which helps meet the needs of growing or changing farming operations. We would appreciate the opportunity to work with you to provide guidance for loans that bring new capital and collateral to the table but could be restructured to include portions of previous farm real estate on loan originated prior to the bill. Providing that clarity will give lenders another tool to ensure the tax benefit delivers for those it was intended for – American farmers.

Substantially used for production of one or more agricultural products: Modern farming operations take many forms. Congress intended the definition of agricultural real estate which is substantially used for production of one or more agricultural products to include the full range of agriculture-related real property. This includes the traditional family homestead, production facilities, storage and grain facilities, on-site processing, farm labor housing, farmers markets and sales facilities, and much more. These agricultural real estate properties provide varying forms of production. With this in mind, Congress intended the definition of “rural or agricultural real estate” in Section 139L to provide maximum flexibility in statute for lenders to include every aspect of a farming operation. Farms of all sizes should be considered “rural or agricultural real estate” so long as they report routine gross income from production agriculture and are subject to USDA farm surveys.

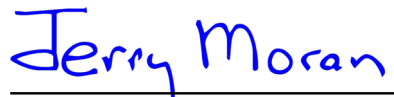
Secured by rural and agricultural real estate: The statute provides that loans secured by rural and agricultural real estate qualify. Qualifying loans should not be limited to acquisition loans. In today’s agricultural lending, it is common for operating loans, equipment loans, working capital loans, livestock loans, and facility construction loans, among other types of loans to be secured by agricultural real estate as an additional, secondary source of collateral. It is our intention that such loans qualify for the interest income exclusion under ACRE.

Eligible Lenders: Congress intended the partial gross income exemption to apply to interest income earned by any qualified lender—FDIC insured banks, state or federally regulated insurance companies, bank or insurance holding companies, and the Federal Agricultural Mortgage Corporation (Farmer Mac)—provided the loan is secured by qualifying rural or agricultural real property. The benefit should apply equally to all.

Section 139L of the Internal Revenue Code, derived from the ACRE Act, reflects a bipartisan, bicameral commitment to revitalizing rural America through targeted tax policy. Faithful implementation of Section 139L will strengthen the rural lending environment, reduce the cost of capital, and help preserve the future of American agriculture.

Thank you for your attention to this matter. We look forward to working with you to ensure that Section 139L achieves its intended impact.

Sincerely,



Jerry Moran
United States Senator



Dan Meuser
Member of Congress



David G. Valadao
Member of Congress



Darin LaHood
Member of Congress



Derek Schmidt
Member of Congress



Randy Feenstra
Member of Congress



Bryan Steil
Member of Congress



Michelle Fischbach
Member of Congress



Nathaniel Moran
Member of Congress



Tracey Mann
Member of Congress

TAB 2





Jack E. Hopkins, Chairman
Alice P. Frazier, Chairman-Elect
Michael J. Burke, Jr., Vice Chairman
Quentin Leighty, Treasurer
Douglas E. Parrott, Secretary
Lucas White, Immediate Past Chairman
Rebeca Romero Rainey, President and CEO

October 3, 2025

The Honorable Scott Bessent
Secretary
U.S. Department of the Treasury
Washington, D.C. 20220

The Honorable Brooke Rollins
Secretary
U.S. Department of Agriculture
Washington, DC 20250

Dear Secretary Bessent and Secretary Rollins:

On behalf of the ICBA and the nearly 50,000 community bank locations we represent, I write to share our views regarding providing additional financial support for our farmers. This is an important issue for thousands of community bankers who live and work in our rural areas and who provide nearly 80 percent of all agricultural loans from the commercial banking sector.

We appreciate the recent comments made by Secretary Rollins in Kansas City last week drawing broad attention to the declining status of the farm economy. Once the harvest for fall crops has been completed, community bankers will be able to sit down with producers to gauge their yields and commodity sales to determine their financial condition and potential viability going forward. Many community bankers believe a significant segment of producers will need both a bountiful harvest and additional financial support to remain in business.

It may be necessary to approve additional financial support as large or larger than the economic loss payments provided to the farm sector last year.

We appreciate Secretary Bessent's strong support and clear understanding of the importance of community banks to America, and as in the past, we hope to have a role in facilitating financial assistance for America's producers. It would be a disservice to these producers if community banks were not treated as favorably as other types of creditors.

Thank you for working hard on behalf of American agriculture and our nation's community banks. We look forward to working with you to assist producers in need. Please feel free to contact Mark Scanlan (mark.scanlan@icba.org) to discuss these views in more detail.

Sincerely,
/s/

Rebeca Romero Rainey
President & CEO

October 6, 2025

President Donald J. Trump
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Trump,

The undersigned organizations, which represent a wide spectrum of the agriculture industry across the United States, wish to thank you for the attention you and your administration have given to issues facing rural America.

We applaud you for recently signing into law the One Big Beautiful Bill Act (OBBBA), which contains some of the most significant farm safety net enhancements for row crops and program resources across all of agriculture in decades. The agriculture provisions of this legislation are expected to provide significant and critical support to the farm economy.

Yet despite the achievements of the OBBBA, a major challenge confronts producers, as many of these farmers will have to wait until October 2026 before seeing the most significant benefits of the legislation, and Congress still needs to enact a full five-year Farm Bill to address other significant concerns in agriculture. In the meantime, growers will continue to face enormously challenging market conditions. Crop prices are low, while input costs have increased substantially in recent years. According to the USDA, per-farm production expenses are up by almost 40% since 2020.

That is not a sustainable situation, and the impacts are evident based on the increasing number of Chapter 12 bankruptcy filings. For the 12-month period ending June 30, 2025, Chapter 12 bankruptcy filings are up by 56% from the 12-month period ending June 30, 2024. This also represents a second year of increased filings, and further increases are expected in the coming months.

Fortunately, Secretary of Agriculture Brooke Rollins is a strong advocate for our industry. She has seen firsthand the challenges of rural America in her travels throughout the country. The Secretary understands the unique risks and market pressures farmers are enduring, and we have been encouraged to learn that she is considering additional ways to assist producers.

We need help. We encourage you to continue using your considerable international leverage to secure new export market access for farm products. We also ask respectfully that you continue to champion domestic market expansion efforts. We know that building markets takes time, and while our producers do not want to be in the position of having to ask for more assistance, they do need a bridge to get to improved markets. Thank you for being an advocate for our nation's farmers.

Sincerely,

Agricultural Council of Arkansas
Alabama Cotton Commission
Alabama Farmers Federation
Alabama Nursery & Landscape Association
Alabama Peanut Producers Association
Amcot
American Cotton Producers
American Dairy Sheep Association
American Honey Producers Association
American Mushroom
American Sheep Industry Association
American Society of Farm Managers & Rural Appraisers
American Soybean Association
American Sugar Alliance
AmericanHort
Ameriflax
Arizona Cotton Ginners' Association
Arizona Cotton Growers Association
Arkansas Crop Protection Association
Arkansas Farm Bureau Federation
Arkansas Rice Federation
Blackland Cotton & Grain Producers Association
Blue Diamond Growers
California Association of Winegrape Growers
California Avocado Commission
California Citrus Mutual
California Fresh Fruit Association
California Rice Commission
California Table Grape Commission
California Wool Growers Association
Colonial Farm Credit
Colorado Nursery and Greenhouse Association
Colorado Wool Growers Association
Community Bankers Association of Ohio
Community Bankers of Michigan
The Connecticut Christmas Tree Growers Association, Inc.
Cotton Growers Warehouse Association
Cotton Producers of Missouri
Cotton Warehouse Association of America
Cottonseed & Feed Association
Crop Insurance Professionals Association

Delta Council
Ducks Unlimited
Empire State Potato Growers
Farm Credit Council
Florida Citrus Mutual
Florida Cotton Growers Association
Florida Cotton Producers Association
Florida Farm Bureau Federation
Florida Fruit & Vegetable Association
Florida Nursery, Growers & Landscape Association
Florida Peanut Federation
Florida Peanut Producers Association
Florida Rice Growers
Florida Tomato Exchange
Georgia Blueberry Commission
Georgia Corn Growers Association
Georgia Cotton Commission
Georgia Farm Bureau
Georgia Fruit and Vegetable Growers Association
Georgia Green Industry Association, Inc.
Georgia Peanut Commission
Humphreys Coop
Idaho Bankers Association
Idaho Potato Commission
Idaho Wool Growers Association
Illinois Christmas Tree Association
Illinois Soybean Association
Independent Bankers Association of Texas
Independent Banks of South Carolina
Independent Community Bankers Association of New Mexico
Independent Community Bankers of America
Independent Community Bankers of South Dakota
Independent Community Banks of North Dakota
International Fresh Produce Association
Iowa Corn Growers Association
Iowa Soybean Association
Johnson County Predator Management Board
Kansas Cotton Association
Kansas Nursery and Landscape Association
Kansas Soybean Association
Kentucky Sheep and Goat Development Office

Kentucky Sheep and Wool Producers Association
Kentucky Soybean Association
Landscape Illinois: The Statewide Association for Landscape Professionals
Louisiana Cotton & Grain Association
Louisiana Farm Bureau Federation
Louisiana Independent Cotton Warehouse Association
Louisiana Rice Producer Group
Maine Potato Board
Maryland Christmas Tree Association
Maryland Grain Producers Association
Maryland Sheep Breeders Association
MBG Marketing
Michigan Corn Growers Association
Michigan Soybean Association
Mid-Atlantic Soybean Association
Midwest Council on Agriculture
Minnesota Corn Growers Association
Minnesota Lamb and Wool Producers
Minnesota Soybean Association
Mississippi Bankers Association
Mississippi Farm Bureau Federation
Mississippi Peanut Growers Association
Mississippi Rice Council
Mississippi Soybean Association
Missouri Rice Council
Missouri Soybean Association
Montana Farm Bureau Federation
Montana Independent Bankers
Montana Nursery and Landscape Association
Montana Wool Growers Association
National Association of Wheat Growers
National Barley Growers Association
National Christmas Tree Association
National Citrus Nursery Association
National Corn Growers Association
National Cotton Council
National Cotton Ginners Association
National Cottonseed Products Association
National Pecan Federation
National Potato Council
National Sorghum Producers

National Sunflower Association
National Watermelon Association
Nebraska Independent Community Bankers
Nebraska Soybean Association
New Hampshire-Vermont Christmas Tree Association
New Jersey Bankers Association
New York Corn & Soybean Growers Association
North American Blueberry Council
North Carolina Cotton Producers Association
North Carolina Farm Bureau
North Carolina Nursery & Landscape Association
North Carolina Potato Association
North Dakota Corn Growers Association
North Dakota Grain Growers Association
North Dakota Soybean Growers Association
Northharvest Bean Growers Association
Northern Canola Growers Association
Northland Potato Growers Association
Ohio Soybean Association
Oklahoma Cotton Council
Oklahoma Farm Bureau
Oklahoma Soybean Association
Oregon Association of Nurseries
Pacific Northwest Canola Association
Pacific Northwest Christmas Tree Association
Pennsylvania Christmas Tree Growers Association
Pennsylvania Cooperative Potato Growers
Pheasants Forever
Plains Cotton Growers, Inc.
Potato Growers of Michigan, Inc.
Quail Forever
River Cooperative Gin
Rolling Plains Cotton Growers
Snake River Sugarbeet Growers Association
Society of American Florists
South Carolina Corn and Soybean Association
South Carolina Farm Bureau Federation
South Carolina Peanut Board
South Carolina Sheep Industry Association
South Dakota Sheep Growers Association
South Dakota Soybean Association

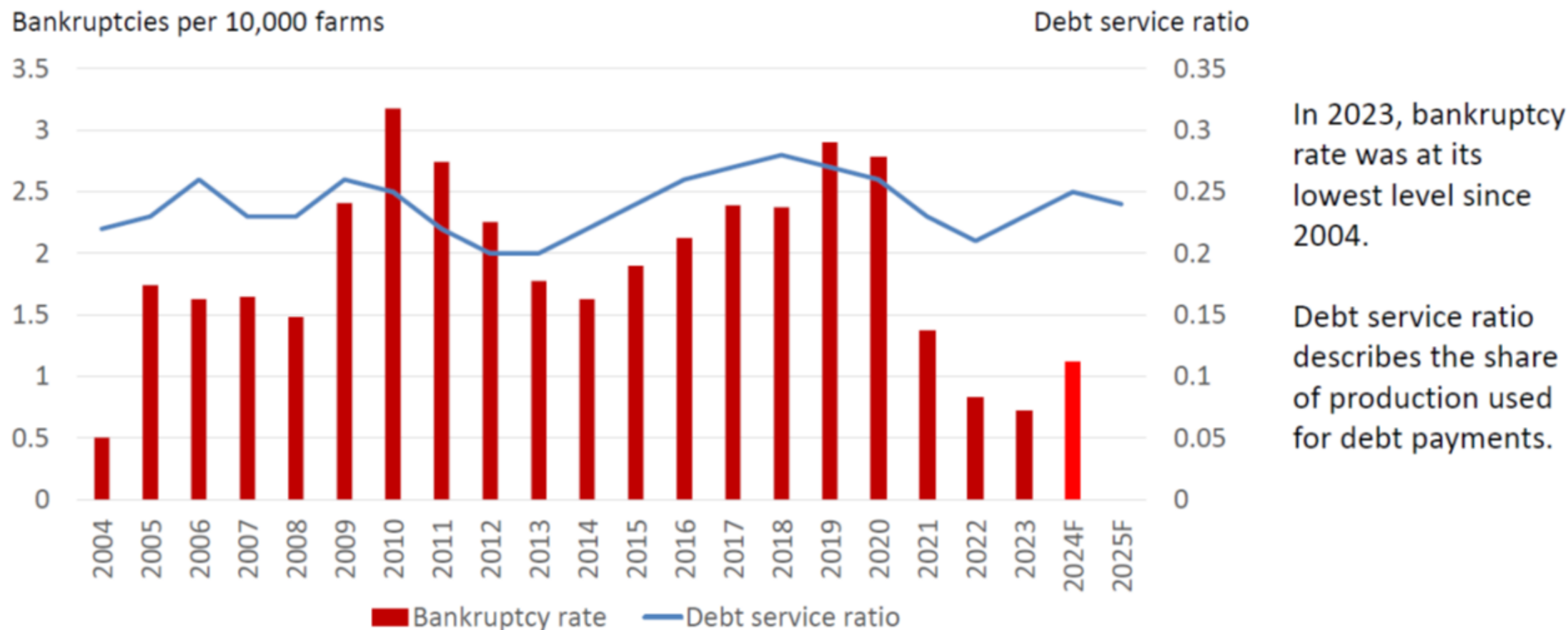
South Texas Cotton & Grain Association
Southeast Kentucky Sheep Producers Association
Southeastern Cotton Ginners Association, Inc.
Southern Cotton Ginners Association
Southern Cotton Growers, Inc.
Southern Kansas Cotton Growers
Southern Rolling Plains Cotton Growers Association
Southwest Council of Agribusiness
Specialty Crop Farm Bill Alliance
St. Lawrence Cotton Growers Association
Tennessee Bankers Association
Tennessee Farm Bureau Federation
Tennessee Sheep Producers Association
Tennessee Soybean Association
Texas Citrus Mutual
Texas Corn Producers Association
Texas Cotton Producers
Texas Farm Bureau
Texas International Produce Association
Texas Nursery and Landscape Association
Texas Rice Producers Legislative Group
Texas Sheep & Goat Raisers' Association
Texas Soybean Association
Texas Vegetable Association
U.S. Beet Sugar Association
U.S. Apple Association
U.S. Canola Association
U.S. Durum Growers Association
U.S. Peanut Federation
U.S. Rice Producers Association
USA Pulses
USA Rice
Vidalia Onion Business Council
Virginia Agribusiness Council
Virginia Cotton Growers
Virginia Farm Bureau
Virginia Grain Producers Association
Virginia Nursery and Landscape Association
Virginia Soybean Association
Virginia State Dairymen's Association
Washington Red Raspberry Commission

Washington State Potato Commission
Washington Winegrowers Association
West Virginia Nursery & Landscape Association
Western Growers Association
Western Peanut Growers Association
Western Pulse Growers Association
WineAmerica
Wisconsin Potato and Vegetable Growers Association
Wisconsin Soybean Association

CC: The Honorable Brooke Rollins, Secretary of Agriculture

Chapter 12 Farm Bankruptcies up 55% from 2023; down 64% since 2019

Farm sector liquidity expected to improve in 2025



F = forecast. Sources: Debt Service Ratio from the USDA, ERS Farm Income and Wealth Statistics; Bankruptcy data from U.S. Courts Statistical Tables. Data as of February 6, 2025.

Trump Struggles to Crack Tariff Piggy Bank

Trump struggles to crack tariff piggy bank

The president and top White House officials have floated using tariff revenue to pay the military and support farmers. It's not that simple.



POLITICO



[Trump Tariffs](#) | [Wall Street has Trump's ear](#) | [Democratic AGs lawsuit](#) | [Warning signs for Trump](#)



President Donald Trump addresses a dinner for donors who have contributed to build the new ballroom at the White House in Washington, on Oct. 15, 2025. | John McDonnell/AP

By **DANIEL DESROCHERS** and **JENNIFER SCHOLTES**

10/19/2025 02:00 PM EDT



President Donald Trump and his top officials have repeatedly promised to tap the billions of dollars collected from their historic tariff hikes for key priorities like troop pay, nutrition assistance and farmer bailouts. That's not how it works.

The administration has brought in about \$200 billion in tariff revenue so far this year, cash the president and members of his Cabinet have boasted is a sign their tariff hikes are succeeding — and have suggested they can now use at their discretion.

“We’re going to take some of that tariff money that we made, we’re going to give it to our farmers, who are, for a little while, going to be hurt until the tariffs kick in to their benefit,” [Trump told reporters in the Oval Office last month](#). “So we’re going to make sure that our farmers are in great shape, because we’re taking in a lot of money.”

The reality, however, is that the White House has extremely limited power to direct those funds without congressional direction, since revenue generated by the federal government flows into the Treasury and Congress decides how that money gets doled out. While the president has tested the bounds of the executive branch’s power over spending by freezing, shifting and canceling billions of dollars in other cash Congress has already approved, administration officials have thus far struggled to find ways to use the tariff revenue as Trump and his officials have promised.

“The Constitution clearly provides the legislative branch the authority to levy tariffs and taxes, and to spend and appropriate money,” said Sen. Jerry Moran, a Kansas Republican and a top appropriator. “So while I’m certainly interested in the White House and President Trump’s suggestions, there’s the necessity of Congress acting to implement that suggestion, if that’s the conclusion of Congress.”

Contrary to the claims of Trump, Vice President JD Vance and White House press secretary Karoline Leavitt in recent weeks, the president’s top trade official has acknowledged the conundrum.



“I mean, listen, when the tariff money comes in, it goes to the Treasury of the United States. And Congress has to tell it — has to authorize it and appropriate it — right?” U.S. Trade Representative Jamieson Greer said in remarks at The Economic Club of New York earlier this month.

“It’s not, like, ‘Jamieson’s tariffs’ that he gets to pay out,” Greer continued. “That would be really nice.”

So while Vance [said Sunday that the administration would use tariff revenue](#) to pay military salaries during the shutdown, the Office of Management and Budget says troops have been paid by tapping military research and development funding.

The money the Trump administration is using to fund nutrition assistance to low-income moms and babies during the shutdown is not a product of Trump’s new tariffs either, despite [Leavitt’s statement](#) earlier this month that it would be funded by income from new “Section 232 tariffs”— i.e. duties on specific industries like copper, automobiles, steel and aluminum.

Instead, the administration is providing a lifeline for the Special Supplemental Nutrition Program for Women, Infants and Children, known commonly as WIC, by pulling money from an account that funds things like school breakfast and lunch programs. Some of the money in that nutrition account comes from import revenue from prior years, as authorized by a 90-year-old law, along with other funding Congress provides each year.

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The most glaring unfulfilled promise to tap tariff revenue involves aid for farmers whose workforces and incomes have been decimated by the one-two punch of Trump’s immigration crackdown and trade wars.

China, U.S. agriculture’s top export market in recent years, has stopped purchasing soybeans and other row crops since the trade war between the two countries escalated in May, leaving harvests piling up and farmers panicking.

Farmers “need help. All of our farmers do,” Sen. Josh Hawley (R-Mo.) said in an interview Thursday. “We should divert tariff revenue. ... We oughta spend, you know, \$20 billion or something on farmers.”

That’s roughly how much the Agriculture Department [paid out to farmers hurt by Trump’s trade war with China in his first term](#). But the USDA fund the administration tapped in 2020 [is now running low](#).

Republican appropriators on Capitol Hill and USDA officials have scrambled to figure out how they could use tariff revenues for farmers. Some Republicans on Capitol Hill are [privately warning](#), however, that trying to pass a bill to that end would give Democrats an opportunity to make their own demands or shut down the plans entirely. And some lawmakers have acknowledged that the administration could attempt to spend the money anyway.

Sen. John Kennedy (R-La.), gave a definitive “yes” when asked if Congress would have to authorize the use of tariff funds.

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“That doesn’t mean the president’s not going to do it and then sort out the process later,” Kennedy added. “I mean, you see what I see. And I see what you see.”

The administration still hasn’t offered agriculture groups any details on what an aid package would look like and whether they can actually use tariff funds for the bailout. They’re instead preparing money from an internal USDA emergency fund, contrary to what the president teased. But that process has been [delayed by the ongoing government shutdown](#), the administration has said.

“They’re finding that they’re constrained by the law and the Constitution,” Hawaii Sen. Brian Schatz, the Senate’s next Democratic whip. “They’re learning that just declaring something to be the case doesn’t make it true.”

Even if the White House finds ways to move the tariff funds to bankroll its agenda, there are limits to how far Trump officials can stretch those dollars. U.S. tariff revenue has increased substantially as a result of Trump's soaring rates on imports from around the world, but it still only makes up about 4 percent of the \$4.6 trillion the [U.S. government has collected](#) so far this year, mostly through taxes on income, Social Security and Medicaid.

The non-partisan Congressional Budget Office projected that tariff revenue will reduce the U.S. budget deficit by \$4 trillion if the duties are left in place until 2035. The \$4 trillion figure includes \$3.3 trillion in revenue, as well as \$700 billion in savings on federal interest payments, and would potentially wipe out any increases to the federal debt from the GOP tax and spending package Trump signed into law in July.

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“The basic core thing is tariff money is not different from other sorts of money,” said Ed Gresser, a former assistant U.S. Trade Representative who now serves as a director at the Progressive Policy Institute. “And relative to these other sorts of money, it’s small. It’s costly to the public, but it hasn’t changed the government’s fiscal position at all.”

Grace Yarrow, Doug Palmer, Ari Hawkins and Marcia Brown contributed to this report.

FILED UNDER: WHITE HOUSE, TRUMP TARIFFS

FARMER AID OF AS MUCH AS \$15 BILLION EXPECTED THIS WEEK

Oct. 8, 2025



Harvest continued in central Illinois during the last week of September and first week of October. Photo by Jim Baltz.

by Ryan Hanrahan, University of Illinois' FarmDoc project

Reuters' Leah Douglas and Bo Erickson reported that "the Trump administration is expected to announce a plan as soon as Tuesday (today) to bail out U.S. farmers stung by trade disputes and big harvests, with the initial outlay potentially totaling up to \$15 billion, according to sources familiar with the matter."

"The plan, however, could be difficult to roll out as an ongoing government shutdown prevents the kind of Congressional action needed to approve such a large payout, and existing government reserves fall short, the sources said," Douglas and Erickson reported. "Farmers generally support President Donald Trump but have pressed his administration for trade deals as China continues to spurn U.S. soybean purchases amid tit-for-tat tariffs, and a record corn harvest threatens to sink farmer profits."

"Republican lawmakers have warned farmers face 'financial calamity' if they do not receive aid by the end of the year. Treasury Secretary Scott Bessent said last week that the White House would announce aid for farmers on Tuesday," Douglas and Erickson reported. "Three sources told Reuters they expected the administration to announce the package this week."

"One of those sources said the bailout would total somewhere between \$10 billion and \$15 billion, and would be a necessary bridge to get farmers through the harvest months and could be followed by additional aid," Douglas and Erickson reported. "The funds would go to soybean farmers affected by the China trade spat, as well as other types of commodity farmers, though the exact details were not yet determined, that source said."

Ag Groups Send Letter Appealing for Aid

Agri-Pulse's Philip Brasher reported that "more than 200 national and state agricultural organizations appealed Monday to President Donald Trump for economic assistance, and a top White House official said an aid package would be announced 'really, really soon.'"

"A letter sent to the White House Monday and signed by 215 groups doesn't directly mention the impact of the president's trade policy, which has resulted in China shutting down purchases of U.S. farm commodities," Brasher reported. "The letter notes that while the budget reconciliation bill signed into law this summer included 'significant' changes to commodity programs, farmers won't see the resulting payments until October 2026. 'In the meantime, growers will continue to face enormously challenging market conditions.'"

"In a separate letter Monday to Trump, the Specialty Crop Farm Bill Alliance asked for aid to specialty crop growers, who the group says 'confront a host of unprecedented challenges. Rising input costs, overly burdensome regulations, limited access to labor, unfair trade practices by foreign countries, and natural disasters ranging from flood to drought have all impeded the global competitiveness of our growers,'" Brasher reported.

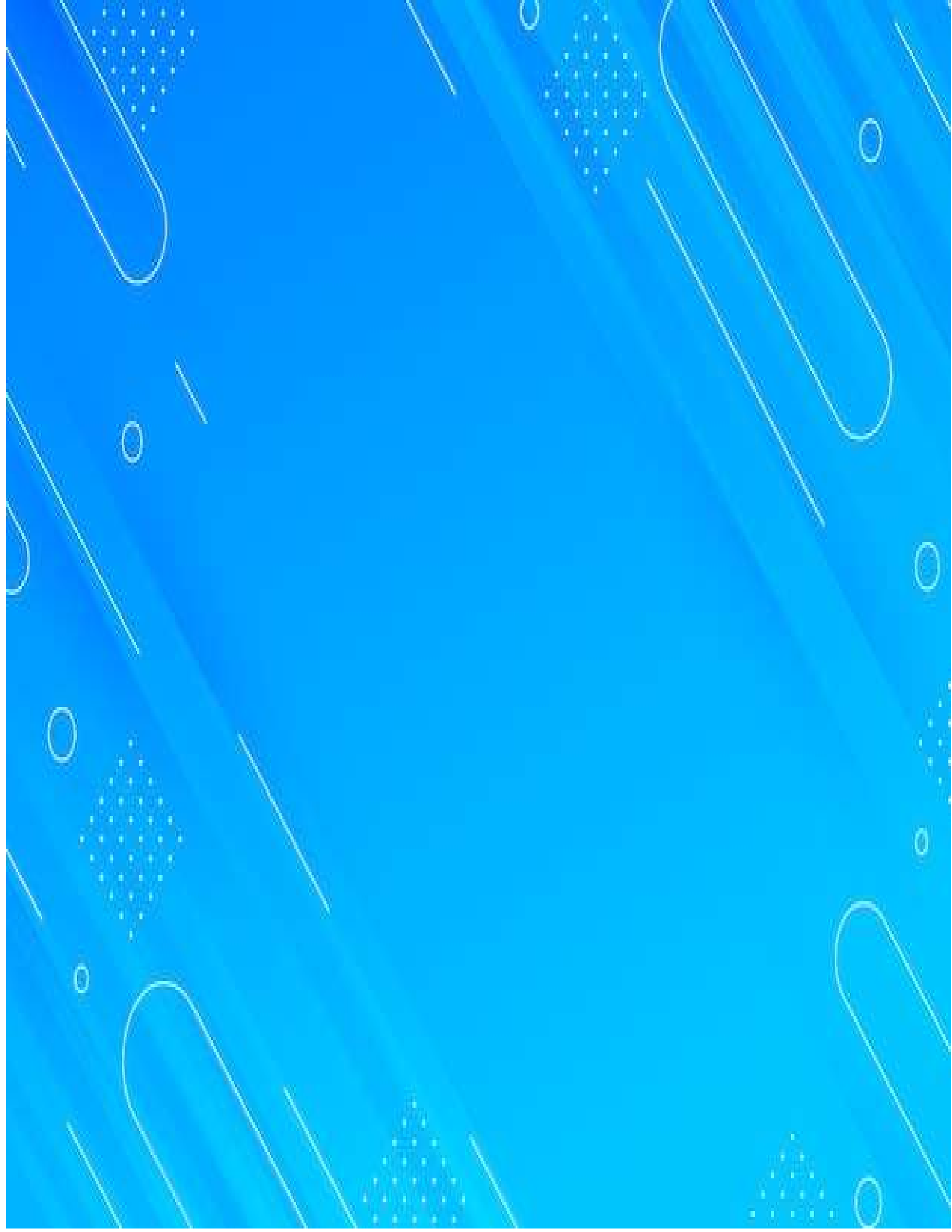
Ongoing Gov't Shutdown Could Delay Aid Package

Douglas and Erickson reported that "Trump has said repeatedly that the administration will use tariff income to pay for farmer aid. But such direct payments to farmers are statutorily capped at \$350 million, a fraction of the sum being discussed, and can only be adjusted by Congress. That adjustment is difficult to achieve while the federal government is shut down, two of the sources said."

"Another option is to draw down funds from the Commodity Credit Corporation, a financing mechanism at the USDA that is typically refilled each year in autumn, but has not been refilled because of the shutdown, said Jonathan Coppess, associate professor at the University of Illinois Urbana-Champaign," Douglas and Erickson reported.

Agri-Pulse's Oliver Ward reported that "top Senate Ag Committee appropriator Sen. John Hoeven, R-N.D., told reporters (this past) Friday that the government shutdown could delay Trump administration efforts to give tariff support to farmers."

"'We're kind of looking at (this) week maybe to do something,' Hoeven told reporters on Thursday," Ward reported. "'But I think that could change now with the shutdown.'"



OBBB Farm Bill Reference Prices

**Table 1. Current Statutory Reference Prices
and Increases in 2025 House Bill**

Program Crop	Unit	Current	Proposed	% Change
Corn	bu.	\$ 3.70	\$ 4.10	11%
Soybeans	bu.	\$ 8.40	\$ 10.00	19%
Wheat	bu.	\$ 5.50	\$ 6.35	15%
Grain Sorghum	bu.	\$ 3.95	\$ 4.40	11%
Barley	bu.	\$ 4.95	\$ 5.45	10%
Oats	bu.	\$ 2.40	\$ 2.65	10%
Seed Cotton	lb.	\$ 0.367	\$ 0.420	14%
Peanuts	ton	\$ 535.00	\$ 630.00	18%
Other Oilseeds	cwt	\$ 20.15	\$ 23.75	18%
Dry Peas	cwt	\$ 11.00	\$ 13.10	19%
Lentils	cwt	\$ 19.97	\$ 23.75	19%
Small Chickpeas	cwt	\$ 19.04	\$ 22.65	19%
Large Chickpeas	cwt	\$ 21.54	\$ 25.65	19%
Medium Grain Rice	cwt	\$ 14.00	\$ 16.90	21%
Long Grain Rice	cwt	\$ 14.00	\$ 16.90	21%

*House bill includes a 0.5% annual increase starting in 2031

COMMODITIES

- **Increases statutory reference prices** for all covered commodities and bolsters the effective reference price escalator for the 2025 through 2031 crop years.
- Implements a one-time voluntary opportunity to **add base acres** nationwide.
- Increases marketing assistance loan rates for all loan commodities and **facilitates the movement of U.S. cotton into the global marketplace.**
- Provides an inflation-adjusted payment limitation and **ensures equitable treatment for all farm entities**, like LLCs.
- Invests in sugar and dairy policy improvements.

STANDING DISASTER PROGRAMS

- **Expands access** to standing disaster programs and conservation programs.
- **Improves the livestock programs** to be more responsive to drought and predation, expands producer eligibility for the tree assistance program, and increases assistance for honeybees.
- Establishes **eligibility** for producers of farm-raised fish experiencing losses associated with bird depredation.

Crop prices for the 2025/26 crop year

Prices generally moving modestly lower

Crop	2010/11- 2013/14 <i>avg</i>	2014/15- 2019/20 <i>avg</i>	2020	2021	2022	2023	2024	2025	Change 2024 to 2025
Corn (\$/bu)	5.69	3.53	4.53	6.00	6.54	4.55	4.35	4.20	-0.15
Soybeans (\$/bu)	12.80	9.15	10.80	13.30	14.20	12.40	10.10	10.00	-0.10
Sorghum (\$/bu)	5.40	3.32	5.04	5.94	6.38	4.93	4.25	4.00	-0.25
Wheat (\$/bu)	6.90	4.87	5.05	7.63	8.83	6.96	5.55	5.50	-0.05
Upland Cotton (c/lb)	80.1	64.8	66.3	91.4	84.8	76.1	63.5	65.0	1.5
All Rice (\$/cwt)	14.65	12.52	14.40	16.10	19.80	17.30	15.40	14.80	-0.60

Source: USDA

OBBB Increased Premium Subsidies for Crop Insurance

**Table 1. Premium Subsidy Rates for Individual Crop Insurance Policies;
Additional Coverage or Buy-Up**

Coverage level is...	Previous Rate	Revised Rate	Rate Increase
Between 50% to 55%	67%	67%	0%
Between 55% to 65%	64%	69%	5%
Between 65% to 75%	59%	64%	5%
Between 75% to 80%	55%	60%	5%
Between 80% to 85%	48%	51%	3%
At 85%	38%	41%	3%

- **WFRP coverage levels increase from 85% to 90%**
- **SCO premium subsidies increased from 65% to 80%**
- **Can buy SCO if choose either ARC or PLC**
- **In 2027, SCO also will increase to 90% coverage levels**
- **Enhanced Coverage Option (ECO) - 80% premium subsidies & increases to 90% in 2026**

- Extends Dairy (DMC) through 2031
- Extends sugar programs with higher loan rates through 2031
- Extends / enhances livestock and disaster assistance programs

- **Section-by-section summary:**

https://www.agriculture.senate.gov/imo/media/doc/anf_section_by_section_062425.pdf

CROP INSURANCE

- Provides **more affordable crop insurance** for beginning farmers and ranchers for the first ten years of farming.
- **Increases the coverage level and affordability** of certain crop insurance policies used by row crop and specialty crop producers.
- Invests in efforts to **maintain the accessibility** and affordability of crop insurance nationwide, while investing in additional reviews, compliance, and integrity.
- Develops the **first risk management tool** for poultry growers to protect against extreme weather-related risk.

Nutrition Program Changes Saved Billions

SAVES TAXPAYER DOLLARS

- **Strengthens SNAP work requirements** for able-bodied adults by increasing the age that able-bodied adults must continue working from 54 through 64.
 - Includes parents of children at or over the age of 14, as these adults **can reasonably work, volunteer, or seek education and training** while their children are at school.
 - Limits the ability of States to arbitrarily waive work requirements by restricting waivers to only areas with high unemployment.
- **Controls the growth of SNAP by limiting benefit growth to the rate of inflation.**
 - Protects against a repeat of an **overreaching Biden administration policy** that dramatically increased SNAP spending without congressional approval.

Issues left for the “Skinny Farm Bill”

- Enhance USDA Farm Loan Programs
- Rewrite conservation title – CRP: lower payments for HPL
- **Restrict / Limit FCS Expansion & Existing Programs**
- Rural Development / Energy
- Research
- Trade

Tab 3



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 finance exports

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. 5010 the “Farm Credit Adjustment Act” – Expands the exam cycle for FCS lenders to 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.**

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.

Farm Credit Expansion Agenda (Cont.)

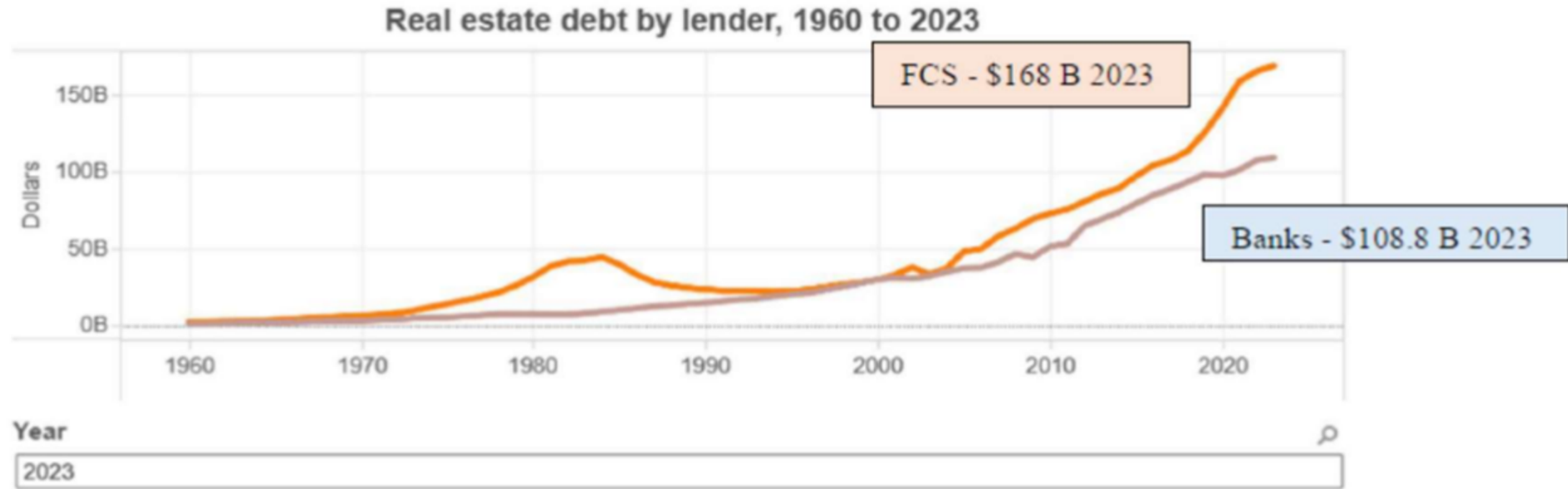
FCS Seeking to lend to any business serving **aquaculture**:

- Minimalist services could qualify.
- Not about serving coastal areas.
Trucking businesses anywhere; etc.

FCS seeks Sec. **1071**-lite Carve-out

- All lenders should be treated the same
- Could exempt all ag and rural loans.
- ICBA will pursue permanent options

- FCS wants **1071** to apply to 'small farmers' = < \$250 K gross income
- CFPB defines small business as < \$5 M
- FCS wants rule to apply for 3 data points
 - Race – Sex – Ethnicity
- Banks must collect 81 data points



Funds Held Accounts ~ Quasi Deposit Accounts

- Paying interest up to the amount of the loan rate.
- Offering unlimited number of withdrawals.
- Allowing disbursements to pay down the loan or “for other purposes.”
- Providing gains that are not taxed at the state or local level.

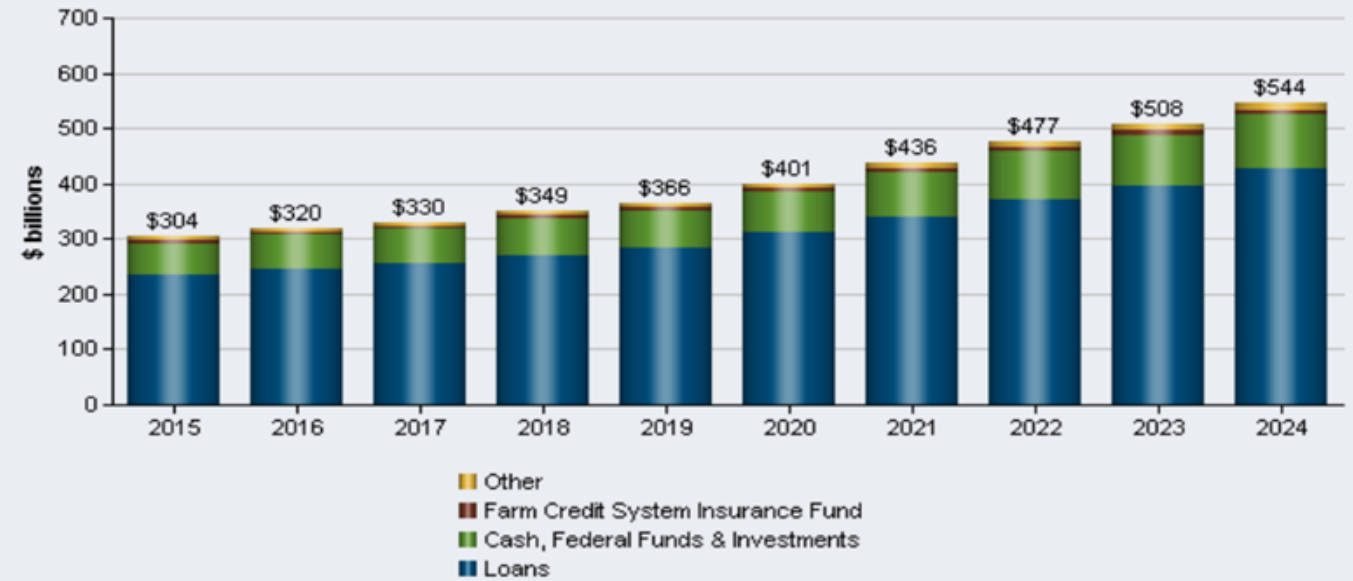
FCS Assets & Loans Increasing

Assets - \$544 B +7%
YOY

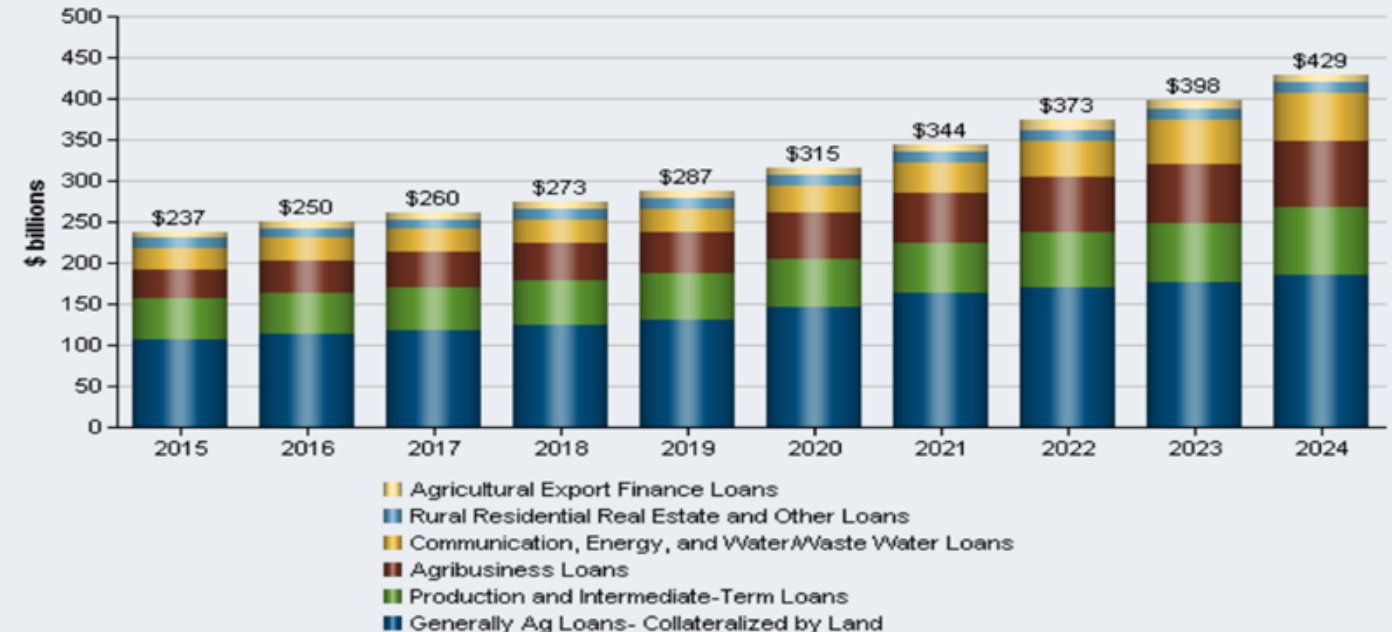
Loans \$429 B
+6.7% YOY

Effective tax rate =
2.0% in 2024
2.4% in 2023
2.2% in 2022

Farm Credit System Total Assets
(at year end)



Farm Credit System Gross Loans
(at year end)



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	182.0	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	113.1	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

Tab 4



ICBA FSA Recommendations Include:

01

Increase loan limits on USDA guaranteed farm loans

02

Require USDA to Streamline USDA Loan Applications

03

Ensure Direct Loans Complement Not Undercut Guaranteed Loans

04

USDA Express Loan – 3 day decision with 50-75% guar.

HOEVEN, KLOBUCHAR INTRODUCE CAPITAL FOR FARMERS AND RANCHERS ACT

Producer and agricultural credit enhancement (PACE) Act S 899 & HR 199 1

House PACE: increases Guaranteed Loans:

- Operating Loans from \$2.04 M to **\$3 M**
- Ownership Loans from \$2.04 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 \$2.04 M to **\$2.6 M**
- Ownership Loans from \$2.04 M to \$3 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.

USDA Express Loan

- **36 Hour Turnaround time for approval – SBA; USDA 3-5 Days?**
- **50 – 75 % Guarantee**
 - ☐ **75% guarantee up to \$750,000**
 - ☐ **50% guarantee from \$750,000 to \$1 M**
- **Lender does due diligence**
- **Finstad / Craig bill – HR 5877 – USDA Express Loan Act**

USDA FSA Loans

Additional Resolution Language to Consider

ADD: Consistency Among USDA Offices

ICBA supports increased consistency in the administration of the USDA Farm Service Agency's farm loan guarantee programs. Currently, the Farm Service Agency allows each state the ability to create their own handbook and rules for how to administer the farm loan guarantee programs are administered. ICBA calls on Congress to mandate that the Farm Service Agency make guaranteed farm loan program rules and their interpretations consistent across all 50 states.

ADD: Conversion of Guaranteed Loans to Direct Loans

ICBA is concerned about USDA Farm Service Agency programs that would convert guaranteed farm loans to direct FSA loans without very tight constraints on such authority. Such constraints should include limiting the ability of the Secretary to convert multiple guaranteed loans from individual banks without the banks' approval and only allow conversion in the case of producers' bankruptcy or foreclosure. ICBA would oppose any USDA policies that could have adverse or unintended consequences for community banks or the secondary market for USDA guaranteed loans.

TAB 5



Reform and Refocus the Farm Credit System

Position

- Farm Credit System (FCS) lenders enjoy unfair competitive advantages over rural community banks, leveraging their tax and funding advantages as government sponsored enterprises (GSEs) to siphon the best loans from community banks' loan portfolios. The FCS's abusive tactic of undercutting market pricing to obtain the best loans jeopardizes the viability of many community banks and the economic strength of the thousands of rural communities they serve.
- ICBA strenuously opposes the Farm Credit Administration's (FCA's) initiative to allow FCS to engage in non-farm financing labeled as "investments". ICBA objects to legislation proposed by the Farm Credit Council to allow blanket approval authority of FCS "investments" for non-farm financing without FCA's case-by-case review and approval as this could open the floodgate to FCS non-farm lending and increase risks to the FCS.
- The FCS is urging Congress to adopt several expansions as part of a new farm bill. ICBA opposes the open-ended nature of these expansions. The FCS proposals include broad lending for 'essential community facilities'; lending to any **business** serving aquaculture; expanded non-farm lending via Rural Business Investment Corporations; exemptions from Sec. 1071 of the Dodd-Frank Act; an increase of the population size limit for FCS housing loans from 2,500 population currently to towns of 10,000 population.
- ICBA opposes allowing FCS lenders to become the equivalent of rural banks with powers to establish checking and savings accounts, take deposits, or establish a consumer-oriented deposit insurance plan administered by the FCA. FCS lenders also should not have access to the Federal Reserve's ACH system for clearing electronic credit and debit transfers.
- ICBA protests the FCS's use of so-called 'cash management accounts' to provide FCS institutions with deposit-like savings and checking accounts.
- ICBA opposes expansion of FCS authorities and supports legislative and regulatory provisions to ensure FCS's adherence to its historical mission of serving *bona fide* **farmers** and ranchers and a limited number of businesses that provide on-farm services.
- Congress should reform the FCS's 'similar entity' authorities by which FCS lenders make loans to large non-rural and publicly traded corporations.

Background

Community Banks Serve Rural America.

Community banks are four times more likely to operate offices in rural counties and remain the only banking presence in over one-third of all U.S. counties. There are over 1100 agricultural banks (25 percent of portfolios in agriculture). While community banks hold 25 percent of total banking industry assets, they make nearly 80 percent of the banking industry's farm loans.

In 2024, agricultural loans were extended by approximately 4,000 banks while 56 FCS institutions held over \$400 billion in agricultural loans. However, the FCS now holds more farm loans than banks due to their rapid growth in tax-free real estate lending, which increased by approximately 60 percent and \$63 billion between 2016 to 2022, a growth rate over twice that of commercial banks. Congress should pass the Access to Credit for our Rural Economy (ACRE) Act (H.R. 3139 / S. 2371 in the 118th Congress) to address this disparity.

Farm Credit System.

As the only GSE competing directly against private lenders, the FCS was granted tax and funding advantages by Congress to serve bona-fide farmers and ranchers and a narrow group of farm-related businesses that provide on-farm services.

Through its regulator, the FCS has sought non-farm lending opportunities through “investment” even though such financing exceeds the lending constraints of the Farm Credit Act. The FCS also seeks blanket authority to self-approve their non-farm “investments” in lieu of obtaining their regulator’s approval. ICBA opposes granting the FCS’s blanket approval authorities. The FCS also seeks adoption in the farm bill of several legislative proposals referenced above in addition to relaxed regulatory requirements such as less frequent examinations.

Congress should reform and refocus the FCS’s authorities in order to limit FCS’s non-farm and non-statutory lending.

Rural America and Farm Bill Programs

Position

- The new Farm Bill should continue to provide essential assistance to the farm sector and to rural America. Robust price support programs provide a financial safety net for many producers during times of low commodity prices.
- The new Farm Bill should maintain a strong crop insurance program, a successful public-private partnership critical to the ability of farmers and ranchers to survive weather-related disasters and repay farm loans.
- USDA farm loan guarantees benefit family farmers and ranchers and allow community banks to better manage the lending risks of producers who would otherwise be unable to obtain commercial credit. These programs should remain primarily financially geared to establishing successful family farm and ranch operations. Program fee levels should not discourage participation by community bank borrowers and should not be set at levels that overfund government collections.
- Farmer Mac should continue to focus on its primary mission of improving secondary market access for community banks.

Background

The USDA reports net farm income has declined sharply since its peak in 2022. As a result of the sharp drop in commodity prices and the rise in input costs, many producers are facing a significant loss of income. Congress stepped in to assist producers with a \$10 billion farm aid package, financial assistance for weather-related disaster losses, and an extension of the 2018 farm bill for another year. ICBA appreciates these actions as they will enable many producers to repay their farm loans. ICBA urges Congress to pass a new five-year farm bill in 2025.

ICBA is aggressively advocating for rural community bank priorities, recommending six key principles for a new Farm Bill. These priorities include ample funding for commodity programs, rural broadband, and crop insurance. ICBA also advocates for higher USDA guaranteed loan limits, a USDA Express program (loan approval within three days of submission), and other program enhancements.

ICBA strongly opposes expansion of the Farm Credit System into broad-based non-farm lending activities. The FCS is a government sponsored enterprise (GSE) with tax and funding advantage over tax-paying community banks. The role of GSEs is to provide financing to fill credit gaps in markets, not to displace private-sector lenders as the primary lenders in the marketplace.

The next Farm Bill should continue to strongly support Farm Bill provisions which are intended, in part, to provide lenders and customers with a long-term policy framework for business and planning purposes and bolster the farm economy.

The Federal Crop Insurance Program (FCIP) plays a prominent role in helping producers manage financial risk, cope with weather related disasters and repay bank loans. More than 490 million acres of farmland (90% of insurable farmland) are protected through various crop insurance programs. ICBA opposes reducing spending on crop insurance.

USDA's guaranteed loan programs allow community banks to lend to higher-risk borrowers by guaranteeing 90 percent of loan principal. Congress should increase loan limits to \$3 to \$3.5 million to allow banks to work with more family farmers. Funding set-asides should not interfere with expanding the program's borrower base.

ICBA urges Congress to authorize a USDA Express loan program similar to SBA's Express loan program but adjusted to fit agriculture's needs. ICBA and other lender groups have submitted a set of joint proposals for Congress to consider to enhance USDA loan programs.

ADD: ICBA supports increased consistency in the administration of the USDA Farm Service Agency's farm loan guarantee programs. Currently, the Farm Service Agency allows each state the ability to create their own handbook and rules for how to administer the farm loan guarantee programs are administered. ICBA calls on Congress to mandate that the Farm Service Agency make guaranteed farm loan program rules and their interpretations consistent across all 50 states.

ADD: ICBA is concerned about USDA Farm Service Agency programs that would convert guaranteed farm loans to direct FSA loans without very tight constraints on such authority. Such constraints should include limiting the ability of the Secretary to convert multiple guaranteed loans from individual banks without the banks' approval and only allow conversion in the case of producers' bankruptcy or foreclosure. ICBA would oppose any USDA policies that could have adverse or unintended consequences for community banks or the secondary market for USDA guaranteed loans.

Farmer Mac

Farmer Mac, the secondary market program for ag real estate loans, should continue to focus on improving secondary market access for community banks.

Tab 6



Small Group Discussions / Breakouts

Group 1 – FCS – Essential Community Facilities / RBICs / 24 Mo Exam

Group 2 – FCS – Fisheries (small business serving) / Housing / Removal of authority to regulate 1071

Group 3 – USDA loan programs: Express loans / Conversions / Consistency

Farm Aid Payments (All members discuss briefly)

- Will farm aid payments at the same level as Congress passed last year be sufficient to sustain your crop producers?
- What time of year will this farm aid need to be paid in order to be useful for your producers?
- What commendations should ICBA make to Congress Regarding farm aid at this time?

Group 1 Discussion

Farm Credit System Questions

Essential Community Facilities (ECFs) – USDA’s ECF guaranteed loan program provides loan guarantees to eligible lenders to develop essential community facilities in rural areas. An essential community facility is **defined as a public improvement, operated on a non-profit basis, needed for the orderly development of a rural community** where the rural community is a city or town, or its equivalent county or multi-county area. The term “facility” refers to both

the physical structure financed, and the resulting service provided to rural residents or rural businesses.

USDA allows a variety of lenders to use its guaranteed loan program, including FCS institutions.

FCS's ECF proposal status – The FCS's regulator, the Farm Credit Administration (FCA) also can approve "investments" by FCS institutions on a case-by-case basis. The FCS has now proposed to finance ECFs without their regulator's approval. The House Ag Committee's farm bill adopted the FCS's ECF proposal but requires FCS institutions to check with community bank in the local area to gauge the bank's interest in participating in the investment at a rate "acceptable to the borrower." The stated intent of the House Ag Committee's language is to apply only to non-profit entities, although FCA's authority includes case-by-case approval of for-profit and non-profit organizations.

Questions:

- Would FCS's proposal be palatable if it applied only to non-profit organizations and included stronger language for determining interest of community banks (recognizing that the FCA can approve a broader variety of loans on a case-by-case basis)?
- Should ECF language require that a local participating bank provide at least 50 percent of the financing unless the bank chooses to have a majority of the financing come from the FCS lender? How would this generally be worded?
- What other criteria or requirements should be included in this language to make it more palatable for community banks?

Rural Business Investment Corporations (RBICs) – RBICs were authorized by Congress to allow for equity investments in small businesses primarily in rural areas. Initially the RBICs could not have more than 25 percent ownership by the FCS if it engaged in non-eligible FCS activities. The 2018 farm bill changed this to 50 percent. The FCS is now proposing to allow its institutions to own 75 percent of a RBIC if its activities are considered non-eligible for FCS financing. ICBA has expressed concern that this proposal would allow the FCS to create small business financing entities in rural America. The House farm bill included the FCS's RBIC proposal.

Questions:

- What suggestions do you have that would limit the scope of this proposal?

- Would it make sense if the language reduced the amount of non-eligible FCS activities on a sliding scale as the percentage of FCS ownership increased (i.e. 25% ownership allows 75% of non-eligible FCS financing; 50% ownership allows 50% non-eligible FCS activities; 75% ownership allows 25% of non-eligible FCS activities)?
- Should the language prohibit FCS from taking customers of community banks? If so, how could this be worded to be practical?

FCS Home Mortgage Lending – The FCS Can make tax-exempt home loans in towns of 2500 people. FCS proposes increasing the population limit to towns of 10,000 ppl.

- Would this authority affect your bank's home loan portfolio and if so, how much?
- What arguments would you make against this proposal?
- Is there a lack of credit available in your community for home lending? If not, can this be verified?

Group 2 Discussion

Businesses Serving Aquaculture – FCS proposes to finance businesses serving aquaculture. There is no 'test' to determine the amount of service the business needs to provide.

- If this language were included in the farm bill, how would you limit its scope?
- Would a requirement that a majority of the business's activities be related to aquaculture lessen concerns with this proposal?
- What suggestions do you have to limit the scope of this proposal?

FCA Authority Act & Exam Authority – These proposals would minimize FCS's 1071 burden by applying it only to cases of small farmer loans of \$250,000 or less. The second proposal reduces FCS exam frequency to once every 24 months.

- Do you believe any Sec. 1070 exemption should apply to all rural lenders?

- How often is your bank examined?
- What is the typical cost to your bank of an agency exam?

Funds Held Accounts – FCS offers quasi-deposit accounts allowing borrowers to deposit funds in accounts to pay for their loans from FCS. These accounts can be up to the loan amount, can provide an interest payment up to the interest rate of the loan, and are tax exempt at the state and local level.

- Draft language in this notebook would limit use of these accounts only to farmers and ranchers. Do you agree with this proposal?
- What other suggestions do you have regarding these accounts?
- Do you have suggestions on other potential policy proposals that could limit FCS activities in lieu of their numerous expansion proposals? Ex: FCS apparently can finance a non-agricultural project with multiple borrowers if one of the borrowers is a full-time farmer. Limit amount of financing to that needed by the FCS farmer. How best to do this?

Group 3 Discussion

USDA Farm Loan Programs

USDA Express Loan Program Proposal

- What is the average approval time for your guaranteed loan submissions?
- The house agriculture committee also included an express loan program under a different name that would allow loan approvals within five days if the lender is a preferred lender. If congressional agriculture committees will not allow all banks to submit and Express loan application, what are other ideas to limit this program without being overly restrictive (i.e., allow as many banks as possible to submit Express loan applications without allowing all banks to use the program)?

- The house agriculture committee Farm bill would adjust the USDA EZ Guarantee loan program by increasing the loan limit from \$50,000 up to \$100,000 and speed up approval time (5 days?). Do you believe this would be insufficient to address the needs for quicker loan approval? Would further adjustments to this program, modeled after the USDA Express loan guarantee program, be acceptable in lieu of the expressed loan proposal? Why or why not?
- What is your most difficult challenge in using USDA's guaranteed loan programs?
- What are your top three challenges in using USDA guaranteed loan programs?
- What category of lender are you in USDA's category system (i.e., preferred, standard, etc.)?

Loan Conversions

- Are conversions from guaranteed loans to direct loans acceptable if these conversions are limited to cases of bankruptcy or foreclosure?
- What additional policy options should ICBA pursue on this issue?
- How to prevent a future Secretary of Agriculture from taking all or most of the guaranteed loans from a bank's USDA loan portfolio?
- Should USDA be required to get bankers' approval prior to the loan conversion?
- Are conversions actually workable? Why or why not?

Consistency between State Offices / (County Offices)

- Do you agree that the USDA should be required to ensure uniformity in the rules and administration of program rules for USDA guaranteed farm loans?
- Should all counties within a state also be required to have the same rules and regulations for administration of their loan programs?
- How should counties operating across state lines from one another be required to coordinate their rules and regulations?
- Should all counties operating in a state have the same rules and regulations?
- Is one or more of your local USDA offices without sufficient staffing? If so, do you believe this situation will be addressed in the near future?

Community Facilities Guaranteed Loans

What does this program do?

This program provides loan guarantees to eligible lenders to develop essential community facilities in rural areas. Examples of community facilities include health care facilities, buildings like town halls, and public safety facilities such as fire departments.

Who can apply?

Eligible applicants include lenders with the legal authority, financial strength, and experience to operate a successful lending program. Examples of eligible lenders include:

- **Federal and state-chartered banks**
- **Savings and loans institutions**
- **Farm Credit banks with direct lending authority**
- **Credit unions**
- **Additional nonregulated lending institutions approved by USDA**



Community Facilities
Guaranteed Loans website

Who can qualify for CF loan guarantees?

Eligible borrowers include:

- Regional and local municipalities
- Tribal governments and their affiliated organizations
- Community-based nonprofits
- Federally recognized Tribes

What areas are eligible?

Cities, villages, towns, townships, and federally recognized Tribal lands with fewer than 50,000 residents are eligible to apply.

An approved lender can be located anywhere in the United States.

How can funds be used?

You can use funds to purchase, build or improve essential community facilities, and to buy equipment and approved project expenses.

Additional examples of essential community facilities include:

- Child care centers
- Libraries and educational facilities
- Facilities and equipment that support distance learning and telehealth
- Food banks and greenhouses

- Infrastructure projects such as roads, bridges, dams, harbors, and levies, along with irrigation improvements

How do we get started?

- We accept applications year-round.
- Interested borrowers can ask their lender about the CF Loan Guarantee program. Information is available at this link: .
- Interested lenders can contact the USDA Rural Development Community Programs director in the state in which the proposed project is located. A list of state offices is available at this link: tinyurl.com/RDStateOffices.

Who can answer questions?

- Your local USDA Rural Development office can help. A list of offices is available at this link: tinyurl.com/RDStateOffices.
- You will find information about USDA Rural Development's OneRD Loan Guarantee initiative at this link: tinyurl.com/USDA-1RD-LG

What governs this program?

Code of Federal Regulations, 7 CFR 5001, available at this link: tinyurl.com/RD-7CFR-5001

NOTE: Because information changes, always consult official program instructions or contact your local Rural Development office for help. A list is available at this link: tinyurl.com/RDStateOffices. You will find additional RD program resources at rd.usda.gov. Information about other USDA programs and services is available at this link: ask.usda.gov, or by emailing askusda@usda.gov. USDA is an equal opportunity provider, employer, and lender.

January 2025

Possible Revisions to FCS Essential Community Facilities Language (see underlined text)

17 “SEC. 4.18B. ESSENTIAL COMMUNITY FACILITIES.

“(a) IN GENERAL.—A Farm Credit Bank, direct lender association, or bank for cooperatives chartered under this Act may, for the purpose of making available capital to develop, build, maintain, improve, or provide related equipment or other support for essential community facilities in rural areas, make and participate in loans and commitments, and extend other technical and financial assistance for projects for essential community facilities eligible for financing under section 306(a) of the Consolidated Farm and Rural Development Act when credit from local commercial lenders is not available, in full or in part, to meet the needs of the borrower.

“(b) ELIGIBILITY.—Only an entity eligible for financing under section 306(a) of the Consolidated Farm and Rural Development Act may receive financing or any other assistance under subsection (a) of this section.

“(c) LIMITATIONS.—

“(1) FINANCING.—A Farm Credit System institution described in subsection (a) shall not provide financing or assistance under this section in an aggregate amount that exceeds ~~15~~ 10 percent of the total of all outstanding agricultural loans of the institution as of date of enactment of this legislation.

“(2) OFFER REQUIREMENT.—

“(A) IN GENERAL.—A Farm Credit System institution shall not provide financing or assistance under this section unless the institution—

“(i) has offered, under reasonable terms and conditions acceptable to the borrower involved, an interest in the financing to at least 1 domestic lending institution not referred to in subsection (a) other than the Department of Agriculture; and

“(ii) has reported the offer to the Farm Credit Administration.

“(B) RURAL COMMUNITY BANK PRIORITY.—In offering an interest in a financing to domestic lending institution described in subparagraph (A)(i), the Farm Credit System institution shall give priority to community banks located in the service area of the essential community facility being financed.

“SEC. 4.18B. ESSENTIAL COMMUNITY FACILITIES.

“(c) LIMITATIONS.—

“(1) FINANCING.—A Farm Credit System institution described in subsection (a) shall not provide financing or assistance under this section to for-profit businesses and only when private sector capital is insufficient and one or more private sector lenders desire to engage in loan participations with Farm Credit System institutions, but not in an aggregate amount that exceeds 15 10 percent of the total of all outstanding loans of the institution as of the date of enactment of this act.

“(2) OFFER REQUIREMENT.—

“(A) IN GENERAL.—A Farm Credit System institution shall not provide financing or assistance under this section unless the institution—

Current House Ag Farm Bill Wording

“(i) has offered, under reasonable terms and conditions acceptable to the borrower involved, an interest in the financing to at least 1 domestic lending institution not referred to in subsection (a) other than the Department of Agriculture; and

Potential Wording

“(i) certifies the Applicant does not have the ability to obtain all of the requested loan funds from private sector sources and has obtained a loan participation or a separate loan to help complete the financing of the community facility with at least 1 domestic lending institution not referred to in subsection (a) other than the Department of Agriculture, provided that the loan participation with one or more domestic lending institution provides and has offered, under reasonable terms and conditions, financing acceptable to the borrower involved;

(ii) and in no instance shall the Farm Credit System institution’s share of the total financing exceed 50 percent when private sector sources of credit are available for the majority of the financing of the community facility;

“(iii) and has submitted the certification to and reported the offer to the Farm Credit Administration.

“(B) RURAL COMMUNITY BANK PRIORITY.—In offering an interest in a financing to a domestic lending institution described in subparagraph (A)(i), the Farm Credit System institution shall give priority to community banks located in the service area of the essential community facility being financed.

“(d) ANNUAL REPORT TO CONGRESS.—Within 1 year after the date of the enactment of this section and annually thereafter, the Farm Credit Administration shall provide a report to the Committees on Agriculture of the House and Senate on

the activities undertaken pursuant to this section by Farm Credit System institutions during the period covered by the report, including through partnerships between such an institution and other lending institutions, which shall also be posted on the website of the Farm Credit Administration.”.

Question – The FCS’s language amends Sec. 306(a) of the Consolidated Farm and Rural Development Act (CON ACT). How broad is Sec. 306(a) of the CON ACT?

Answer – USDA can make loans to non-profit corporations and public and quasi-public agencies and others that provide ECFs to serve rural residents including farmers, ranchers, rural businesses and rural residents.

SEC. 306. 7 U.S.C. 1926; (a)(1) The Secretary is also authorized to make or insure loans to associations, **including corporations not operated for profit**, Indian tribes on Federal and State reservations and other federally recognized Indian tribes, **and public and quasi-public agencies** to provide for the application or establishment of soil conservation practices, shifts in land use, the conservation, development, use, and control of water, and the installation or improvement of drainage or waste disposal facilities, recreational developments, **and essential community facilities** including necessary related equipment, all primarily serving farmers, ranchers, farm tenants, farm laborers, rural businesses, and other rural residents, and to furnish financial assistance or other aid in planning projects for such purposes. **The Secretary may also make or insure loans to communities** that have been designated as rural empowerment zones or rural enterprise communities pursuant to part I of subchapter U of chapter 1 of the Internal Revenue Code of 1986, or as rural enterprise communities pursuant to section 766 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (Public Law 105–277; 112 Stat. 2681, 2681–37), to provide for the installation or improvement of essential community facilities including necessary related equipment, and to furnish financial assistance or other aid in planning projects for such purposes. The Secretary may also make loans to any borrower to whom a loan has been made under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.), for the conservation, development, use, and control of water, and the installation of drainage or waste disposal facilities, primarily serving farmers, ranchers, farm tenants, farm laborers, rural businesses, and other rural residents. When any loan made for a purpose specified in this paragraph is sold out of the Agricultural Credit Insurance Fund as an insured loan, the interest or other income thereon paid to an insured holder shall be included in gross income for purposes of chapter 1 of the Internal Revenue Code of 1954. With respect to loans of less than \$500,000 made or insured under this paragraph that are evidenced by notes and mortgages, as distinguished from bond issues, borrowers shall not be required to appoint bond counsel to review the legal validity of the loan whenever the Secretary has available legal counsel to perform such review.

Rural Business Investment Program

What does this program do?

This program promotes economic development and creates job and wealth opportunities by supporting the equity capital investment needs of smaller enterprises located in rural areas. With the RBIP, USDA licenses newly-formed, for-profit developmental capital organizations as “Rural Business Investment Companies” (RBICs) which then use the equity raised through fund capitalization to make venture capital investments to eligible rural enterprises.

Who can apply?

An applicant is eligible to apply for an RBIC license if the applicant:

- Is a newly-formed, for-profit entity or subsidiary of such an entity. Applicants can structure themselves as limited partnerships, limited liability companies, or corporations
- Has a qualified private fund management team with experience in venture capital or community development financing
- Will invest in enterprises that will create job and wealth opportunities in rural areas, with an emphasis on smaller enterprises

How can funds be invested?

- At least 75 percent of RBIC investments (measured in dollar amounts invested) must be made in rural areas. A “rural area” is defined as “outside a standard metropolitan statistical area, or in a community with a population of 50,000 or fewer.”
- Up to 10 percent of RBIC investments (measured in dollar amounts invested) can be in urban areas. An “urban area” is defined by the U.S. Census as having a population of 150,000 or more.
- To find out whether your investment location is in a qualified area, visit the USDA Rural Development eligibility map at this link: <https://go.usa.gov/xSNQy>, and then click the hyperlink associated with “Rural Business Investment Company (RBIC).”

- To determine whether a business qualifies as a “rural business concern” eligible for an investment, an RBIC will determine whether the location with the business’s greatest number of employees is in a rural area.
- More than 50 percent of RBIC investments (measured by dollars invested) must be in “smaller enterprises — those with a maximum net worth of \$6 million, and net income of \$2 million — in the previous two years.

How do we get started?

Applications are accepted annually, and based on a Notice of Solicitations of Applications (NOSA) posted in the Federal Register, available at this link: <https://www.federalregister.gov/>.

Who can answer questions?

Send your questions to RBIP@usda.gov.

What governs this program?

- Code of Federal Regulations 7 CFR Part 4290, available at this link: <https://go.usa.gov/xSNPz>, and the Food, Conservation and Energy Act (Farm Bill) of 2008, available at this link: <https://go.usa.gov/xSNEj>.

NOTE: Because information is subject to change, always consult official program instructions or contact your local Rural Development office for help. A list is available at this link: <https://go.usa.gov/xJHPE>. You will find additional resources, forms, and program information at <https://rd.usda.gov>. USDA is an equal opportunity provider, employer, and lender.

Funds Held Accounts – statutory language

ICBA suggested language is underlined

12 U.S.C. 2219b Sec. 4.37. Application of Uninsured Accounts.

(a) IN GENERAL. Money of a borrower primarily engaged in farming or ranching held by a Farm Credit System institution in an uninsured voluntary or involuntary account as authorized under regulations issued by the Farm Credit Administration (as in effect immediately before the date of the enactment of this section), including all such other accounts known as "advanced payment accounts" or "future prepayment accounts" shall, in the event the institution is placed in liquidation, be immediately applied as payment against the indebtedness of any outstanding loans of such borrower.

(b) REGULATIONS. The Farm Credit Administration shall promulgate regulations—

(1) that define the term "uninsured voluntary or involuntary account"; and

(2) that limit availability of such accounts to borrowers primarily engaged in farming and ranching; and

(2) to otherwise effectively carry out this section.