

The Farm Bill is a legislative package passed every five years that governs an array of agricultural and food programs in the United States. The Farm Bill tremendously impacts farming livelihoods and sets national agriculture, nutrition, conservation, and forestry policy.

Banks play a critical role in rural America, and the Farm Bill provides a vehicle for the banking industry to help meet the financial needs of farmers, ranchers, and agricultural communities across the country. Meaningful changes to the Farm Bill will allow bankers to better serve their customers and ensure they have high levels of credit availability in the years to come.

Here are ABA's 2023 Farm Bill priorities:

Increase the loan limits for FSA Guaranteed Loan Programs. The cost of agriculture continues to increase at a rapid pace, especially for agricultural land. ABA recommends that the FSA loan limits for guaranteed farm ownership be increased from \$1.75 million to at least \$3.5 million to account for rising land prices. Additionally, ABA recommends that FSA-guaranteed farm operating loans be increased from \$1.75 million to at least \$2.5 million to keep pace with the rising costs of inputs. With these proposed increases, bankers will be able to better serve their customers over the life of the 2023 Farm Bill.

Beginning Farmer Programs. Young, beginning, and underserved farmers and ranchers are a focus area for the banking industry and ABA. Farmers and ranchers are entering a much wider array of farm business types and demanding faster loan turnaround times to stay competitive. Bankers have asked for more flexibility in the FSA's beginning farmer and rancher lending process to make these loan programs more responsive to customer needs. This flexibility should include less paperwork and the ability to use off-farm income when applying for beginning farmer and rancher loan programs. By reducing paperwork and allowing the inclusion of off-farm income, beginning farmers and ranchers will be able to enter a marketplace that includes more established farmers. ABA urges policymakers to review and update FSA definitions and interpretations of family farm structures. The modern farm structure continues to evolve and beginning farmers and ranchers can often be left out of credit opportunities due to their structure. ABA believes that the FSA beginning farmer and rancher loan programs should continue to focus on bona fide family farmers and ranchers, but there needs to be flexibility when determining which borrowers are eligible under this definition.

Down Payment Assistance Program. As land prices continue to rise, beginning farmers and ranchers will need more assistance to purchase land. The Down Payment Assistance Program provides a pathway for land ownership, but the current limit on the program isn't reflective of market prices. ABA recommends an increase to the dollar limit of the Down Payment Assistance Program to better align with the current realities of agricultural land prices.

Interest Assistance Program. Interest rates are much higher than they were during the passage of the past two Farm Bills. Congress should consider reinstating the Interest Assistance Program for FSA Guaranteed Loan Programs. This step would provide interest relief to the farmers and ranchers who need it the most.

Rural Development Funding. A lack of funding for the Rural Development Guaranteed Loan Programs has made it very difficult for banks to use the program. This has hurt rural communities and disincentivizes banks from using the programs in the future. ABA recommends increasing funding levels for Rural Development Guaranteed Loan Programs, especially the Business and Industry Guaranteed Loan Program and the Communities Facilities Guaranteed Loan Program.

Technology for FSA Loan Programs. FSA loan programs continue to lag far behind the technological capabilities of banks. This can prolong the loan making process as the loan making systems will lack compatibility. ABA encourages Congress to reexamine the technology needs of FSA loan programs and to provide FSA with the proper funding to modernize their systems.