

Statement for the Record

On Behalf of the

American Bankers Association

before the

Senate Agriculture, Nutrition and Forestry Committee

August 6, 2026



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Chairman Boozman, Ranking Member Klobuchar, and members of the Committee, the American Bankers Association (ABA)¹ appreciates the opportunity to provide our views on the Agricultural Act of 2026, commonly known as the 2026 Farm Bill, which is scheduled for Committee consideration on August 6, 2026. We appreciate the Committee's continued work to support farmers, ranchers, and rural communities through this critical legislation.

Banks remain one of the primary sources of credit for America's agricultural producers. Banks that offer agricultural lending products serve a wide range of customers – large and small farms, urban agriculture operations, beginning farmers, and USDA-defined historically underserved producers, including women and minority farmers and ranchers. A strong agricultural economy requires strong credit availability, and the banking industry stands ready to continue meeting the financial needs of rural America. Banks play a critical role in rural communities, and this bill includes meaningful policy reforms that will enhance lenders' ability to serve their customers in the years ahead, as producers face ongoing economic challenges, rising input costs, and volatile markets.

The 2026 Farm Bill includes essential tools that support producers and their financial partners, including comprehensive risk management programs, loan guarantees, rural development investments, nutrition assistance, and conservation initiatives. This legislation will strengthen credit availability, enhance risk management, and help agricultural lenders continue serving their customers effectively.

As set forth in greater detail below, the ABA commends the Committee for including many of ABA's priorities in this important legislation, including modernizing Farm Service Agency (FSA) loan guarantee limits, improving eligibility for beginning farmer programs, modernizing and raising limits for the down payment assistance program, and providing strong risk management tools that allow our customers to have greater stability and predictability for each growing season. ABA supports the inclusion of the following longstanding priorities in the agriculture lending space, included in Title V of the legislation:

- Modernizing FSA guaranteed and direct loan limits to meet rising input costs and real estate prices across the country:

¹ The American Bankers Association is the voice of the nation's \$26.1 trillion banking industry, which is composed of small, regional and large banks that together employ over 2 million people, safeguard \$20.5 trillion in deposits and extend \$13.7 trillion in loans.

- Guaranteed Operating Loans: \$3 million, indexed to the Consumer Price Index
 - Guaranteed Ownership Loans: \$3.5 million, indexed to land values
 - Direct Operating Loans: \$750,000
 - Direct Ownership Loans: \$850,000
 - Microloans: \$100,000
- Improving eligibility for beginning farmer programs by using ownership qualifications to be eligible for the programs
- Updating and modernizing the FSA Down Payment Assistance Program by removing the arbitrary cap on loan size and instead setting the limit at 45% of the lesser of the purchase price or appraised value
- Providing reliable risk management tools to help producers navigate unpredictable market and climate conditions

We also appreciate revisions to the Farmer Mac statute that would replace outdated acreage limitations and enable all qualified farmers and ranchers to benefit from the competitive pricing and stability of Farmer Mac's secondary market. This new limitation treats all agricultural real estate mortgages equally in alignment with prudent lending practices and safety standards. Further, ABA is supportive of language to create an "express loan" pilot program at USDA for guaranteed and direct loans. Farmers and ranchers should have the ability to access credit quickly if necessary.

The legislation's narrow authority allowing Farm Credit System institutions to participate in rural development loans incorporates two critical safeguards supported by ABA: the loans must be publicly reported and transparent; and system lenders must offer participation to a local bank. These provisions help ensure accountability and encourage fair competition in rural lending markets.

ABA urges the Committee to take measures to achieve competitive neutrality across agricultural lenders to ensure lenders can effectively offer robust, affordable credit to consumers across the country.

Conclusion

The ABA appreciates the Committee's thoughtful work on this legislation. Thank you for your leadership and for considering the views of America's agricultural lenders.