

## A Strong Farm Bill Supports a Strong Rural America

Developing a new farm bill presents an opportunity to address many needs facing rural America and farmers and ranchers. A strong farm bill allows producers and their community bank lenders to work together for long-term business planning purposes to ensure producers remain viable regardless of their financial challenges or the agricultural economy's outlook.

**Serving the Ag Sector.** Community banks are vital providers of credit to rural America, providing the majority of agricultural credit from the banking industry – over 80 percent of loans secured by farm real estate and nearly 75 percent of operating debt. Community banks excel in financing small farmers and ranchers, making 90 percent of bank farm real estate loans under \$500,000.

**Presence in Rural America.** Community banks represent 97 percent of all banks, with \$3.2 trillion in assets and \$2.2 trillion in deposits. Community banks have 72 percent of all bank offices in rural areas. They are four times more likely to operate offices in rural counties and are the only banking presence in one-third of all U.S. counties. In 2025, agricultural loans were extended by approximately 3,500 banks.

### ICBA Priorities in the Farm Bill

#### Protect & Enhance Community Bank Service to Rural America

- Maintain a strong commodity safety net and enhanced crop insurance programs. The OBBBA provisions provide significant support for these programs.
- Increase USDA guaranteed farm real estate loan limits to \$3.5 MM and \$3 MM for guaranteed operating loans. Land prices have risen dramatically as have production costs.
- Require quicker USDA approval of smaller guaranteed loans up to \$1 MM.

#### Oppose FCS Non-Farm Financing

- The Farm Credit System (FCS), a **government sponsored enterprise** (GSE), with \$550 billion in assets, competes against private sector lenders. If labeled as a bank, the FCS would be one of the top 10 banks in the U.S. FCS's effective tax rate is only 2 percent.
- Limit **non-farm** financing authorities for FCS 'essential community facilities' loans with no case-by-case approval from the regulator. Community banks make these loans and should not be pushed out of financing opportunities by a tax-advantaged GSE.
- Oppose FCS financing **non-farm** businesses with de-minimis services to aquaculture.
- Oppose allowing FCS to own investment corporations providing **non-farm** equity financing for an unlimited number of small businesses. Would allow FCS to become a major small business lender competing against the private sector.
- Oppose expanding FCS tax-exempt home loans to towns of 10,000 people (vs 2,500 currently). Would allow FCS to finance 85 percent of all communities in the U.S.