**Independent Banker**

**December 2024**

**Portfolio**

**[tag] Checks & Balances**

**[hed] Is a favorable new farm bill on the horizon?**

[dek] In the wake of the farm bill’s expiration, ICBA is advocating for updates that will benefit the agriculture industry and rural communities across the U.S.

[byline] By Mark Scanlan and Scott Marks, ICBA

[body]

A comprehensive piece of legislation, the farm bill is currently being redrafted after its 2023 expiration and extension through Sept. 30, 2024. Signed into law in 2018, the farm bill covers a range of programs that support American farmers, ranchers, consumers and the environment as a whole. Commodity programs like margin protection for dairy farmers and initiatives like the Conservation Reserve Program (CRP); local and regional food aid procurement; and the Supplemental Nutrition Assistance Program (SNAP)—to name just a few—all fall under the farm bill umbrella.

With the redraft in mind, the House and Senate Agriculture Committees have held multiple hearings this year and conducted research and solicited input from stakeholders. Timing is crucial, given the outcome of the presidential election could play a role in the updated bill’s final draft.

The redrafted farm bill could include changes to the commodity and conservation program reforms; low-income food assistance programs; new agricultural trade policies (for example, market access and tariffs); and other programs focused on the nation’s agricultural industries.

**[subhed] What the farm bill could have in store for community banks**

In May, the House Agriculture Committee passed its new version of the farm bill with a 33-21 vote. However, the bill may require another extension, with consideration for current issues like the multiple hurricanes that affected the Southeast as well as low commodity prices. For example, Congress might consider an emergency aid package meant to help producers deal with the hurricane fallout and the falling commodity prices.

Here at ICBA, we’re concerned about a Farm Credit System (FCS) agenda that may push community banks to the sideline on multiple fronts, including housing, regulation disproportion and essential community facility loans. While most stakeholders have outlined two or three priorities, FCS has released six or seven anti-community bank proposals. That some of these could be included in the final farm bill package could be of concern to our membership.

That said, ICBA supports several key farm bill principles:

* **Provide ample funding.** Ensure the new farm bill maintains a robust commodity price safety net, boosts rural broadband capabilities and provides USDA upgraded technology to meet stakeholder needs more efficiently, particularly for farm loan programs.
* **Maintain a strong crop insurance program.** Provide funding and flexibility to ensure all producers have access to sound risk management tools that can help them withstand severe weather events.
* **Enhance USDA guaranteed loan programs.** Increase loan limits on USDA guaranteed farm loans ($3.5 million for ag real estate and $3 million for annual production loans), while streamlining paperwork and application processes for USDA farm and rural development loans.
* **No expansion of powers for the FCS.** ICBA opposes broad approval authorities for FCS non-farm lending, which is inconsistent with its charter as a government sponsored enterprise (GSE) established to serve agriculture and would shrink community banks’ loan portfolios.
* **Ensure community bank access to general credit programs.** Allow community banks to serve rural America *without* enhancing the competitive advantages of privileged nonbank competitors.
* **Reduce regulatory burden and ensure fairness.** Require federal agencies to implement regulations fairly and equitably for all programs while reducing regulatory burdens on rural America.

[subhead] How ICBA is taking action

ICBA signed a letter with 300 farm organizations urging that the new farm bill be drafted and completed this year. We’ll also be supporting legislation for an emergency farm aid package.

As Congress writes a new farm bill, there’s a clear opportunity to address the challenges that rural America and our farmers and ranchers face. 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 the financial challenges they may face. Incorporating the above principles will ensure a successful farm bill that meets the challenges facing rural America.

*Mark Scanlan is SVP of agriculture and rural policy at ICBA.*

*Scott Marks is assistant VP of congressional relations at ICBA.*

[ends]

[sidebar]

**How you can help**

We're urging ICBA members to send letters through our grassroots website *(<i>icba.org/grassroots<i>*). There, you can also find materials highlighting the key areas of concern and where community bankers stand on this issue. Talk about ICBA’s goal of taking a piece of legislation that’s “lopsided” and making it better for community banks. For more guidance or insight, visit the Lobbying 101 module on our grassroots homepage.

Also, over the next few months, we’ll be gearing up an amendment process, so any existing relationships that you have with members of Congress will be valuable during that phase.

[sidebar ends]

[pull quotes]

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 the financial challenges they may face.