

Producer and Agricultural Credit Enhancement Act of 2025 (S.899)

Senator Hoeven and Senator Klobuchar

Background

Direct Farm Loans – Loans designed to help family farmers start, purchase, or expand their farming operations. In many cases, these are beginning farmers who need additional financial and business acumen to qualify for commercial credit.

Guaranteed Farm Loans – Provide lenders (commercial banks, small and community banks, Farm Credit System, credit unions) with a guarantee of up to 95% of the loss of principal and interest on a loan.

Operating Loans – Used to purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance, and other operating expenses. As well, it can be used for minor improvements to buildings, costs associated with land and water development, family living expenses, and to refinance debt in certain circumstances.

Farm Ownership Loans – Used to purchase farmland, construct or repair buildings and other fixtures, develop farmland to promote soil and water conservation, and to refinance debt.

Microloans – Direct farm ownership and operating loans with a shortened application process and reduced paperwork designed to meet the needs of smaller, non-traditional operations.

Section-by-Section

Section 1. Short Title

Section 2. Limitations on Loan Amounts

Increases loan limitations for Farm Service Agency's Direct and Guaranteed Loan Programs for Farm Operating Loans and Farm Ownership Loans by the following amounts:

- **Direct Operating:** Increase from \$400,000 to **\$750,000**
- **Guaranteed Operating:** Increase from \$2.25 million to **\$2.6 million**
- **Direct Ownership:** Increase from \$600,000 to **\$850,000**
- **Guaranteed Ownership:** Increase from \$2.25 million to **\$3 million**

Section 3. Inflation Percentage

Changes the inflation benchmark for guaranteed ownership loans to the National Ag Statistics Service (NASS) Agriculture Land Values Survey.

Section 4. Down Payment Loan Program

Indexes the Direct Farm Ownership Down Payment Program to align with current loan limitations, helping support beginning farmers and ranchers finance the purchase of a family farm.

Section 5. Limitation on Microloan Amounts

Increases the loan limitation for the Farm Service Agency's Microloan program to \$100,000.

Section 6. Refinancing of Guaranteed Loans Into Direct Loans

Directs the Farm Service Agency to promulgate rules allowing for distressed borrowers to refinance guaranteed loans into direct loans.

Section 7. Sense of Congress

Supporters

American Bankers Association, American Farm Bureau Federation, American Soybean Association, American Sugarbeet Growers Association, Farm Credit Council, Midwest Council on Agriculture, Minnesota Association of Wheat Growers, Minnesota Corn Growers Association, Minnesota Farm Bureau, Minnesota Soybean Growers Association, National Association of Wheat Growers, National Barley Growers Association, National Cotton Council, National Corn Growers Association, National Farmers Union, National Pecan Federation, National Pork Producers Council, National Sorghum Producers, National Sunflower Association, North Dakota Grain Growers Association, Southwest Council of Agribusiness, U.S. Beet Sugar Association, U.S. Canola Association, U.S. Peanut Federation, USA Dry Pea and Lentil Council, USA Rice, Western Peanut Growers Association.