

AMENDMENT TO RULES COMMITTEE PRINT 119-

22

OFFERED BY MS. STRICKLAND OF WASHINGTON

At the end of subtitle B of title V, add the following:

1 **SEC. ____ . BEGINNING FARMER AND RANCHER DEVELOP-**

2 **MENT LOAN PILOT PROGRAM.**

3 (a) FINDINGS.—Congress finds that—

4 (1) beginning farmers and ranchers often pur-
5 sue business models featuring diverse and specialized
6 production and marketing strategies;

7 (2) diverse and specialized agricultural busi-
8 nesses typically require substantial early-stage in-
9 vestments which will benefit the operation for years
10 to come; and

11 (3) programs in effect as of 2025 often finance
12 those multi-year investments as annual operating
13 loans, resulting in beginning farmers and ranchers
14 under-investing in critical start-up capacities, lim-
15 iting the ability of beginning farmers and ranchers
16 to accumulate working capital, and increasing the
17 difficulties faced by beginning farmers and ranchers
18 in meeting the terms of those loans.

1 (b) BEGINNING FARMER AND RANCHER DEVELOP-
2 MENT LOAN PILOT PROGRAM.—Subtitle B of the Consoli-
3 dated Farm and Rural Development Act (7 U.S.C. 1941
4 et seq.) is amended by adding at the end the following:

5 **“SEC. 320. BEGINNING FARMER AND RANCHER DEVELOP-**
6 **MENT LOAN PILOT PROGRAM.**

7 “(a) DEFINITION OF DEVELOPMENT EXPENDI-
8 TURE.—

9 “(1) IN GENERAL.—In this section, the term
10 ‘development expenditure’ means a capital invest-
11 ment that benefits a farming or ranching business of
12 a qualified beginning farmer or rancher for more
13 than 1 year.

14 “(2) INCLUSIONS.—In this section, the term
15 ‘development expenditure’ includes an expenditure—

16 “(A) for the acquisition or development
17 of—

18 “(i) initial assets; or

19 “(ii) intangible infrastructure;

20 “(B) to increase long-term soil fertility, es-
21 tablish perennials, or develop breeding stock;

22 “(C) to establish an appropriate founda-
23 tion of small equipment, tools, or supplies;

24 “(D) to develop branding and reputation,
25 establish commercial relationships with sup-

1 pliers and key service providers, access new
2 markets, or refine product offerings;

3 “(E) to establish a bookkeeping system
4 sufficient to support invoicing multiple clients
5 and managing profitability with respect to di-
6 verse crops and livestock;

7 “(F) to establish payroll and implement le-
8 gally compliant labor practices;

9 “(G) to establish other business manage-
10 ment practices relating to food safety, environ-
11 mental, or other regulatory compliance; or

12 “(H) for such other items as the Secretary
13 determines appropriate.

14 “(b) ESTABLISHMENT.—Not later than 2 years after
15 the date of enactment of this section, the Secretary shall
16 establish a pilot program to make or guarantee develop-
17 ment loans to qualified beginning farmers and ranchers
18 to finance development expenditures.

19 “(c) TERMS AND CONDITIONS.—

20 “(1) IN GENERAL.—Notwithstanding any other
21 provision of law, a development loan made or guar-
22 anteed under this section—

23 “(A) shall have a repayment term of—

24 “(i) not less than 3 years; and

25 “(ii) not more than 10 years;

1 “(B) may be used only to cover develop-
2 ment expenditures;

3 “(C) shall not exceed \$100,000;

4 “(D) shall have a collateral requirement of
5 not more than 100 percent loan-to-value, sub-
6 ject to paragraph (2);

7 “(E) shall have an interest rate, deter-
8 mined by the Secretary, of—

9 “(i) not less than zero percent; and

10 “(ii) not more than 3 percent;

11 “(F) shall require the participating quali-
12 fied beginning farmer or rancher to make an-
13 nual interest payments for the full amount of
14 interest due; and

15 “(G) shall include flexible principal repay-
16 ment, subject to the condition that not less
17 than 1 percent of the remaining balance shall
18 be due annually on a date determined by the
19 Secretary.

20 “(2) COLLATERAL REQUIREMENT.—The collat-
21 eral requirement described in paragraph (1)(D) may
22 be reduced by the lender based on the farming or
23 ranching experience and expertise of the borrower.

24 “(3) TREATMENT.—A development loan made
25 or guaranteed under this section—

1 “(A) shall not count toward the limitations
2 described in subparagraphs (B) and (C) of sec-
3 tion 311(e)(1);

4 “(B) shall be considered to be—

5 “(i) a direct operating loan or a guar-
6 anteed operating loan, as applicable, for
7 purposes of section 346(b)(2); and

8 “(ii) an operating loan under section
9 312 for purposes of section 343(a)(10);
10 and

11 “(C) except as otherwise provided in this
12 section, shall be subject to all applicable provi-
13 sions of law relating to, as applicable—

14 “(i) direct operating loans under this
15 title;

16 “(ii) guaranteed operating loans
17 under this title; or

18 “(iii) farmer program loans.

19 “(d) BORROWER TRAINING.—

20 “(1) IN GENERAL.—The Secretary shall provide
21 to borrowers of development loans made or guaran-
22 teed under this section comprehensive training and
23 support addressing farm and ranch management
24 issues.

1 “(2) REQUIREMENTS.—The training and sup-
2 port provided under paragraph (1) shall address, to
3 the maximum extent practicable—

4 “(A) bookkeeping, taxation, credit, and
5 regulatory compliance; and

6 “(B) cash flow, profitability, and risk man-
7 agement.

8 “(3) PROVISION.—The Secretary shall provide
9 training and support under paragraph (1) through—

10 “(A) entities with which the Secretary has
11 entered into a contract under section 359;

12 “(B) entities that receive funding through
13 the beginning farmer and rancher development
14 grant program established under section
15 2501(d) of the Food, Agriculture, Conservation,
16 and Trade Act of 1990 (7 U.S.C. 2279(d));

17 “(C) entities that receive funding through
18 the risk management education program estab-
19 lished under section 524(a)(2) of the Federal
20 Crop Insurance Act (7 U.S.C. 1524(a)(2)); or

21 “(D) other relevant programs, as deter-
22 mined by the Secretary, including qualified pro-
23 grams that request such a determination.

24 “(e) EVALUATION AND REPORTS.—The Secretary
25 shall—

1 “(1) evaluate the pilot program established
2 under subsection (b) on an ongoing basis; and

3 “(2) biennially submit to the Committee on Ag-
4 riculture, Nutrition, and Forestry of the Senate and
5 the Committee on Agriculture of the House of Rep-
6 resentatives a written report describing the oper-
7 ation and outcomes of the pilot program.”.

