



## ***Capital for Beginning Farmers and Ranchers Act of 2025***

**Led in the Senate by:** Senator Peter Welch (D-Vt.)

**Introduced in the House by:** Reps. Marilyn Strickland (D-WA-10); Alma Adams (D-NC-12)

**Background:** Beginning farmers and ranchers face significant start-up costs in their first years of operation and need time to accumulate working capital by developing their production and marketing systems. Early-stage investments which will benefit the operation for years to come include establishing initial financial management systems, accumulating small equipment, increasing soil fertility, building business infrastructure for crop records, payroll, food safety, regulatory compliance, and more.

Currently, the structure of annual operating loans isn't conducive to intermediate credit needs of beginning farmers. Investments that will benefit the farm for multiple years and require multiple years to generate return-on-investment are expected to be paid off within one year. Beginning farmers thus often delay investing in critical start-up capacities. The pilot program would address those barriers with flexible, multi-year repayment terms, and helps alleviate challenges for farms that accumulate limited working capital in those pivotal first years with a maximum interest rate and reduced collateral requirements that cannot exceed the value of the loan.

**Legislation:** The *Capital for Beginning Farmers and Ranchers Act of 2025* would direct the Farm Service Agency (FSA) to develop a multi-year Beginning Farmer and Rancher Development Loan Pilot Program. The Beginning Farmer and Rancher Development Loan Pilot Program would include:

- Direct FSA and guaranteed intermediate farm loans with a repayment term between 3 and 10 years, which may be used to assist with initial assets and the development of production and management systems;
- A loan limit of \$100,00 for both direct and guaranteed development loans;
- Reduced collateral requirements of not greater than 100% loan-to-value;
- Reduced interest rate between zero and 3%, as determined by the Secretary;
- Flexible principal repayment as determined by FSA based on year-end cash flow and borrower plans, but not less than 1% of the remaining balance annually;
- Robust technical assistance for development loan borrowers addressing farm and ranch management issues; and
- Evaluation and reporting that measure pilot program success.

**Endorsements:** The *Capital for Beginning Farmers and Ranchers Act* is endorsed by the Alabama State Association of Cooperatives, ALBA (Agriculture and Land-Based Training Association), California Association for Micro Enterprise Opportunity, California Climate and Agriculture Network, California Coastal Rural Development Corporation, Coastal Enterprises, Inc., Community Alliance with Family Farmers, DSupt Consulting, LLC, Latino Farmers and Ranchers International Inc., National Sustainable Agriculture Coalition, National Young Farmers Coalition, New Entry Sustainable Farming Project, Northeast Organic Farming Association of Vermont, Ohio Ecological Food and Farm Association, Oklahoma Black Historical Research Project, Inc., Practical Farmers of Iowa, Rural Coalition, Rural Vermont, Sierra Harvest, and World Farmers.