

119TH CONGRESS
1ST SESSION

S. 2797

To amend the Consolidated Farm and Rural Development Act to provide for a pilot program under which development loans and loan guarantees may be made to beginning farmers and ranchers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 15, 2025

Mr. WELCH introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To amend the Consolidated Farm and Rural Development Act to provide for a pilot program under which development loans and loan guarantees may be made to beginning farmers and ranchers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Capital for Beginning
5 Farmers and Ranchers Act of 2025”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

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

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

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

16 **SEC. 3. BEGINNING FARMER AND RANCHER DEVELOPMENT**
 17 **LOAN PILOT PROGRAM.**

18 Subtitle B of the Consolidated Farm and Rural De-
 19 velopment Act (7 U.S.C. 1941 et seq.) is amended by add-
 20 ing at the end the following:

21 **“SEC. 320. BEGINNING FARMER AND RANCHER DEVELOP-**
 22 **MENT LOAN PILOT PROGRAM.**

23 “(a) DEFINITION OF DEVELOPMENT EXPENDI-
 24 TURE.—

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

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

8 “(A) for the acquisition or development
9 of—

10 “(i) initial assets; or

11 “(ii) intangible infrastructure;

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

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

16 “(D) to develop branding and reputation,
17 establish commercial relationships with sup-
18 pliers and key service providers, access new
19 markets, or refine product offerings;

20 “(E) to establish a bookkeeping system
21 sufficient to support invoicing multiple clients
22 and managing profitability with respect to di-
23 verse crops and livestock;

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

1 “(G) to establish other business manage-
2 ment practices relating to food safety, environ-
3 mental, or other regulatory compliance; or

4 “(H) for such other items as the Secretary
5 determines appropriate.

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

11 “(c) TERMS AND CONDITIONS.—

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

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

16 “(i) not less than 3 years; and

17 “(ii) not more than 10 years;

18 “(B) may be used only to cover develop-
19 ment expenditures;

20 “(C) shall not exceed \$100,000;

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

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

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

2 “(ii) not more than 3 percent;

3 “(F) shall require the participating quali-
4 fied beginning farmer or rancher to make an-
5 nual interest payments for the full amount of
6 interest due; and

7 “(G) shall include flexible principal repay-
8 ment, subject to the condition that not less
9 than 1 percent of the remaining balance shall
10 be due annually on a date determined by the
11 Secretary.

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

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

18 “(A) shall not count toward the limitations
19 described in subparagraphs (B) and (C) of sec-
20 tion 311(c)(1);

21 “(B) shall be considered to be—

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

1 “(ii) an operating loan under section
2 312 for purposes of section 343(a)(10);
3 and

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

7 “(i) direct operating loans under this
8 title;

9 “(ii) guaranteed operating loans
10 under this title; or

11 “(iii) farmer program loans.

12 “(d) BORROWER TRAINING.—

13 “(1) IN GENERAL.—The Secretary shall provide
14 to borrowers of development loans made or guaran-
15 teed under this section comprehensive training and
16 support addressing farm and ranch management
17 issues.

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

21 “(A) bookkeeping, taxation, credit, and
22 regulatory compliance; and

23 “(B) cash flow, profitability, and risk man-
24 agement.

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

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

5 “(B) entities that receive funding through
6 the beginning farmer and rancher development
7 grant program established under section
8 2501(d) of the Food, Agriculture, Conservation,
9 and Trade Act of 1990 (7 U.S.C. 2279(d));

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

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

17 “(e) EVALUATION AND REPORTS.—The Secretary
18 shall—

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

21 “(2) biennially submit to the Committee on Ag-
22 riculture, Nutrition, and Forestry of the Senate and
23 the Committee on Agriculture of the House of Rep-

- 1 representatives a written report describing the oper-
- 2 ation and outcomes of the pilot program.”.

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