

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.

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## 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

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## 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.”.

