

U.S. Sen. Baldwin: Working to prevent more farm bankruptcies in Wisconsin

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WASHINGTON, D.C. – U.S. Senator Tammy Baldwin (D-WI) is working to give flexibility to local banks and credit unions to help fight the surge of farm bankruptcies in Wisconsin.

[As Wisconsin leads the nation in farm bankruptcies](#), local community financial institutions like banks and credit unions are restricted in their regulatory lending ability to farmers, even though they are uniquely positioned to help farmers get the loans they need to get by. In a letter to financial regulators, Senators Baldwin and John Thune (R-SD) are urging the federal government to give these local banks and credit unions the flexibility they need to help farmers navigate through these tough economic conditions.

“Wisconsin farmers are a key driver of our agriculture economy and the backbone of our rural communities, but right now our farmers are facing a perfect storm of challenges that have threatened their businesses and our communities,” **said Senator Baldwin.** “Wisconsin is leading the nation in farm bankruptcies, and our local banks and credit unions can step in right now and help provide farmers the support they need to get through these tough times. I’m calling on the federal government to lift regulatory restrictions on local financial institutions to ensure our farmers have the tools to be successful and move our state forward.”

In their letter, the Senators write, *“Many farmers and ranchers have experienced financial stress due to declining net farm income in recent years, trade*

uncertainty, and last year's difficult growing season. We remain hopeful that the agriculture economy will begin to improve, particularly as new trade agreements are put in place. In the meantime, however, we believe financial regulators can help farmers and ranchers by ensuring community financial institutions have adequate regulatory flexibility to meet their needs."

Baldwin and Thune's letter was sent to financial regulators from the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the National Credit Union Administration.

Senator Baldwin has also advocated for other financial tools for farmers and rural businesses, which are available through Farm Credit institutions and through the USDA Farm Service Agency. To find out more about USDA programs, farmers can contact their local Farm Service Agency office, which can be found [here](#) or by calling the state office at (608) 662-4422.

The full text of the letter is available below. An online version of this release is available [here](#).

Dear Chairman Powell, Chairman McWilliams, Comptroller Otting, and Chairman Hood:

We write to you regarding the state of our nation's agriculture economy and the ability of community financial institutions to work with their farm clients to restructure loans and maintain their farming operations in these challenging times.

Many farmers and ranchers have experienced financial stress due to declining net farm income in recent years, trade uncertainty, and last year's difficult growing season. We remain hopeful that the agriculture economy will begin to improve, particularly as new trade agreements are put in place. In the meantime, however, we believe financial regulators can help farmers and ranchers by ensuring community financial institutions have adequate regulatory flexibility to meet their

needs.

We are concerned that policies like arbitrary concentration limits on agriculture portfolios can restrict a financial institution's lending to struggling farmers and ranchers. Such policies should not supplant the judgment of community financial institutions simply because their agriculture-related loans represent a significant source of their customer base. Community financial institutions have a great deal of experience in agriculture lending during downturns in the farm economy, and we urge you to encourage your examiners to continue valuing their judgment when it comes to providing capital to producers.

Although cash flows may be tight, many producers have healthy equity positions due to land and other asset holdings. We believe community financial institutions, together with examiners and regulators, can exercise sound judgement until the farm economy rebounds, while also ensuring that the appropriate safety and soundness protections remain in place.

We look forward to working with you to ensure community financial institutions can continue to responsibly serve farm and ranch families facing financial pressures. Thank you for your attention to our concerns.