

FIRST ON THE FARM

FROM THE EXPERTS AT THE FIRST NATIONAL BANK IN SIOUX FALLS



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BRIAN GILBERT TESTIFIES BEFORE CONGRESS

In July, Ag Banking Manager Brian Gilbert testified before Congress on the importance of community banks and pro-agriculture policies for family farms.

As Congress considered passing a new farm bill, with the prior legislation set to expire on September 30, 2025, lawmakers heard from four witnesses in the ag lending and farming industries.

Brian represented the Independent Community Bankers of America (ICBA), for which he serves on the Rural America and Agriculture Committee.

“Our nation’s more than 4,000 community banks make nearly 80% of all ag loans made by commercial banks, or \$151 million,” Brian said in his testimony to the House Agriculture Subcommittee on General Farm Commodities, Risk Management, and Credit.

He went on to describe community banks as “relationship lenders that fund local loans with local deposits.”

On behalf of the ICBA, Brian expressed the need for a USDA Express loan program. This program would require the USDA to approve loan applications for up to \$1 million within 36 hours in exchange for a lower guarantee amount.

Brian also brought concerns about expanding the Farm Credit System (FCS) based on current proposals.

“The Farm Credit Act should be tightened to limit FCS deposit-taking activities, which is draining community banks of deposits,” he said.

To conclude, Brian thanked Congress for the \$10 billion in economic loss payments, \$20 billion in disaster aid, and higher reference prices and continued crop insurance protections included in the One Big Beautiful Bill Act.



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**GRANT
OLSON**

Ag Banking Team Lead



INSURING YOUR SUCCESS

Below is a brief summary of current farm programs, how payments are calculated, and expectations of future program payments.

Agriculture Risk Coverage and Price Loss Coverage

Established in the 2014 Farm Bill, producers have a choice between ARC and PLC farm programs. The program election process originally bound the producer to the elected program for the duration of the 2014 Farm Bill.

However, the 2018 Farm Bill reauthorized these programs, which allowed producers to make new, commodity-by-commodity elections for the 2019 and 2020 crop years. In 2021, this election became an annual process, allowing producers to choose between ARC or PLC for each commodity on a yearly basis.

Payments in the PLC program are based solely on “Price” using the 12-month, national Market Year Average (MYA) price for a specific crop compared to an established reference price for the same year. If the 12-month MYA price settles lower than the reference price, the producer would receive a PLC payment.

In 2024, the corn reference price for PLC was \$4.01, and the reference price for soybeans was \$9.26. The 2024 final MYA price was established on **September 30, 2025**, for both corn and soybeans. The final MYA price for corn was \$4.24, and the final MYA price for soybeans was \$10.00.

Because both corn and soybeans settled above the reference prices, producers who elected the PLC option will not be receiving a PLC payment for the 2024 crop year.

The ARC-CO farm program uses a price and production formula with a five-year average, county-based yield calculation and a five-year average MYA price to establish a county revenue benchmark. The actual revenue calculation is based on the actual county yield, which is made public in June of the marketing year.

The final MYA price is published on September 30. If the final calculated revenue is lower than 86% of the benchmark revenue

for a producer’s crop and county, then that producer would be eligible for an ARC-CO payment for that year.

For the 2024 ARC-CO program, which was finalized on September 30, some eastern South Dakota counties will receive ARC-CO corn payments. However, I expect more producers to qualify for ARC-CO soybean payments. Payments are also likely in southwest Minnesota and northwest Iowa.

Economic Commodity Assistance Program (ECAP)

The U.S. Department of Agriculture announced that a second round of ECAP payments will be paid to eligible crop producers. This program was originally implemented to offset low crop commodity prices in 2024.

The first round of ECAP payments were 85% of the total eligible ECAP amount. The second ECAP payment will be an additional 14% of the original amount, resulting in a total payment amount of 99% of the maximum 2024 ECAP payment.

Supplemental Disaster Relief Program (SDRP)

The SDRP was developed as part of The American Relief Act to provide compensation to producers for necessary expenses related to crop, timber, and livestock losses resulting from adverse weather events in 2023 or 2024.

The first round of disaster payments were paid at 35% of the total eligible SDRP amount. Should there be a second round of payments, they are likely to be smaller than the initial amounts.

Recently, President Donald Trump has mentioned additional payments to farmers to help offset slumping markets as a result of his tariff policies. He has floated the idea of using “some of the tariff money” to help fund a farm aid package this fall; it’s not known yet how or when this administration will get a farm aid package put together, but we do know it has become a priority.

I hope everyone has a safe harvest; contact me anytime at (605) 940-6517, and I hope to visit many of you on the farm this fall!

COMBINE MEMORIES AND EQUIPMENT MAINTENANCE

Harvest season is underway, with farm equipment scattered across the countryside.

I often think back to fall as a kid, riding in the combine with my grandpa or dad, eating snacks, and soaking in the excitement of the season.

Now, I realize I've stepped into their boots.

I'm the one giving combine rides to the younger generation, who someday will do the same.

Meals in the field are some of my favorite memories — taking a break from the busyness of harvest to share food and camaraderie as we work together as a family.

These moments remind me that harvest isn't only about bringing in crops.

It's about carrying forward a legacy, working side by side, and passing along the joy of each harvest to those who come after us.

As semis roll down country roads, the combines move back and forth through the familiar fields almost autonomously, gathering crops at record speeds.

Machines make light work of what was once long, exhausting labor, and the efficiency our equipment brings to the farm is invaluable.

Therefore, maintaining it is important. How do you put those machines away? When you pull it out next spring or fall, will it be ready for work?

When harvest draws to a close, evaluate how you put equipment into storage. Keep notes on what needs to be done.

Weigh the cost of serious maintenance versus replacement, as well as what is feasible for your operation.

Just as we take time to nurture relationships and traditions, we also need to take care of the equipment that helps us do this work.

These machines are more than tools; they are the link between past and future harvests.

When we care for our equipment, we're not just keeping the wheels turning today.

We're ensuring that tomorrow's generation can step into the cab, carry on the work, and build memories of their own.

If you have any questions about your operation or want to chat about this year's harvest, give me a call at (605) 695-1433!

**SAM
MINOR**
Ag Banker



WHY IS YEAR-END TAX PLANNING IMPORTANT FOR FARMERS?

by Paula Bindert, CPA, Family Office Advisor

Paula is a CPA with more than 27 years of public accounting experience. Prior to joining First National Bank, she built and led a successful CPA firm in Canton.

Fall has always been my favorite time of the year, not only for the pleasant cooler temperatures and spectacular change of colors, but also for the opportunity at our CPA firm to plan with our farm tax clients once the harvest was complete.

So, as the leaves begin to crunch, I've outlined a few tips from the technical side of those farm tax planning conversations.

Tax planning helps farmers manage the challenges of fluctuating net income.

Since most tax-related decisions need to be made prior to year-end, a proactive approach allows time to meet with your tax professional, to evaluate income and expenses, to formulate a plan, and to implement those adjustments before the end of the calendar year.

When anticipated net farm income is high, planning considerations you may find advantageous include:

- a deferred payment contract to delay payment for crops or livestock sold until the next tax year
- the election to defer eligible crop insurance proceeds
- accelerating expenses by making prepayments (subject to certain limitations) for next year's supplies, seed, fertilizer, and feed in order to deduct the expense in the current year
- capital expenditures to take advantage of Section 179 and bonus depreciation provisions

Tax planning helps farmers navigate complex and ever-changing tax law provisions.

Tax law for farmers is unique, covering specific rules for estimated tax payments, income calculation methods, expenses, credits, and depreciation.

New agricultural tax provisions recently signed into law in the One Big Beautiful Bill Act:

- make the 20% qualified business income deduction permanent,
- permanently extend 100% bonus depreciation for qualified property acquired after January 19, 2025,
- expand 100% bonus depreciation to qualified production property,
- raise the Section 179 deduction limit for 2025 to \$2.5 million for equipment purchases up to \$4 million, and
- allow the capital gains tax from qualified farmland sales to a qualified farmer to be paid in four equal annual installments.

Now more than ever before, year-end farm tax planning with a professional who specializes in agricultural taxation is essential.

Together, you can determine the timing of income, expenses, and capital expenditures; identify new opportunities available; and develop an overall strategic plan to optimize tax.