

2025 Farm Bill – Title 1 and selected tax code

In HR-1, Congress passed, and the President signed into law significant improvements to Title 1 of the Farm Bill, estate tax and bonus depreciation.

Key Highlights

Loan Rate - \$7.70 beginning in 2026 (next year's crop)

Reference Price Temperate Japonica Medium Grain - \$24.33 (this year's crop)

- starting in 2031 the reference price will raise automatically by 0.5% but cannot exceed 113% of the original reference price.

Payment Limit – \$155,000, increased from \$125,000.

- Allows qualified pass-through entities, including S corporations and LLCs (as long as they are not taxed as C corporations), to be treated similarly to general partnerships for payment limits.

Agriculture Risk Coverage (ARC) – guarantee to 90 percent of the benchmark revenue and the payment band to 12 percent for crop years 2025 through 2031.

Better of ARC or PLC for 2025 - growers receive the better of ARC or PLC for their enrolled base acres, regardless of their initial program choice. This provision is only for the 2025 crop year.

Annual Program Election – growers can still annually select ARC or PLC for their operation.

Base Acres Update – USDA will allow up to 30 million new base acres based on eligibility.

Duration – 2025 crop year through 2031.

Sequestration - all payments continue to be subject to a 5.7% sequestration.

Crop Insurance – producers enrolled in ARC (Agriculture Risk Coverage) or PLC (Price Loss Coverage) can now purchase SCO coverage. The premium subsidy for SCO policies increased from 65% to 80% and the maximum coverage was raised to 90%.

Estate Tax - permanently increases federal estate, gift, and generation-skipping transfer (GST) tax lifetime exemption to \$15 million per person starting in 2026, up from the previous \$13.99



8-20-25

million in 2025 (indexed for inflation). For married couples, this means a combined exemption of \$30 million with portability.

Bonus Depreciation – reinstated 100% bonus depreciation for qualified property acquired after January 19, 2025.

How to calculate payments

PLC Calculation:

Payment Rate = reference price – marketing year average price

Payment Per Acre = payment rate x farm PLC yield (established by FSA, does not change annually) x 85% of your base acres

Deduct Sequestration = 5.7%

*Note payment limitations may impact total eligible payments.

ARC County Calculation:

Benchmark Revenue = benchmark price (5-year Olympic average) x 5-year Olympic average county yield

Apply ARC Guarantee = ARC Guarantee is 90% x benchmark revenue

Actual Revenue for Year = county actual yield x marketing year average price

Payment Amount = if actual revenue for the year is less than ARC guarantee a payment is triggered

Apply Payment Rate Cap = 12% of benchmark revenue is the maximum payment

Payment Acres = 85% of base acres

Deduct Sequestration = 5.7%

*Note payment limitations may impact total eligible payments.

Other Resources

The CRC and Texas A&M will be developing decision tools for growers to use in the upcoming months. Look for updates.