

ACRE

Access to Credit for our Rural Economy (ACRE) Act

Key data points in support of the legislation

Defining the market: Inflation and supply-chain disruptions are driving up the cost of running America's farms and ranches, forcing farmers to rely more heavily on credit.

- Farmers held nearly **\$350 billion** of **real estate** debt in 2022, a 7.7% increase from 2021 (USDA)
- Farmers' **interest expense** for real estate debt in 2022 was more than **\$18 billion** (USDA)
- Banks finance approximately a third of all farmland loans — held \$113.7 billion in loans secured by farmland on balance sheets in Q4 2022 (S&P, USDA)
- In 2021, banks held approximately \$58 billion worth of rural mortgages in communities that would benefit from ACRE. (ABA estimates, HMDA, CRA)

Defining the problem: Access to credit is a particular challenge for socially disadvantaged, beginning, BIPOC, and limited resource farmers and ranchers.

- 69% of aspiring young farmers cited access to capital as a top challenge, second only to finding affordable land to buy (80%)
 - 41% said very or extremely challenging
 - 59% of Black farmers and 54% of BIPOC farmers said very or extremely challenging
- Young Farmers in 2017
 - 321,000 young farmers (9% of country's 3.4 million producers)
 - 115 million acres (13% of U.S. farmland)
 - \$66 billion ag sales (17% of ag sales)
- New and Beginning Producers in 2017
 - 908,000 new and beginning farmers (27% of producers)
 - 193 million acres (21% of U.S. farmland)
 - \$88 billion ag sales (23% of ag sales)
- BIPOC Farmers in 2017
 - 255,000 BIPOC farmers (7.5% of producers)
 - 100 million acres (11% of U.S. farmland)
 - \$35 billion ag sales (9% of ag sales)

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Defining the solution: ACRE would expand access to affordable ag real estate credit across the country. It would also expand access to affordable rural mortgages to more than **17,000 rural communities** across the country.

- More than 30.6 million people reside in the more than 17,000 rural communities that would benefit from ACRE (*Census*)
- Improving competition in ag real estate markets would lead to a reduction in the cost of credit for farmers
 - ACRE will deliver approximately **\$1.15 billion** worth of annual interest expense savings to farmers and ranchers in 2023—approximately **\$950 million** for loans secured by farmland and **\$200 million** for rural mortgages. This savings would equal 118% of farmers' annual personal property taxes in 2022. (*ABA estimate, USDA*)
- Improving competition in ag real estate markets would also allow banks to extend more ag real estate credit to more borrowers
 - ACRE will expand banks' rural mortgage lending to ACRE communities by approximately **\$200,000 per community per year**. (*ABA estimate*)
- ACRE would strengthen banks' existing relationships with beginning and young farmers
 - More than half of ag banks worked with youth farm organizations in 2022 (*ABA/Farmer Mac Ag Lender Survey*)
 - These ag banks spent an average of 29 hours per month working with youth farm organizations in 2022 (*ABA/Farmer Mac Ag Lender Survey*)
 - The average ag bank provided \$15,000 in contributions and financial support to these organizations in 2022 (*ABA/Farmer Mac Ag Lender Survey*)