

# ACRE

Access to Credit for our Rural Economy (ACRE) Act

## Issue Background

### Issue Update

The Access to Credit for our Rural Economy Act, (H.R. 3139) also known as ACRE, will help sustain and grow rural America by making it easier for farmers, ranchers and rural homeowners to access low-cost credit.

### ACRE Will:

- Lower the cost of making a loan backed by agricultural real estate, thereby increasing community bank participation in the rural real-estate market.
- Enhance competition between lenders for agricultural and rural housing loans, lowering the cost of credit for rural borrowers.
- Help expand access to local credit in rural America by enabling more community banks to make agricultural real estate and rural home loans.

ACRE excludes from gross income the interest received by a qualified lender on all loans secured by farm real estate and aquaculture facilities. Additionally, ACRE would exclude from gross income the interest received by a qualified lender on home mortgage loans of \$750,000 or less in rural communities of no more than 2,500 people. This tax exemption for interest-income on agricultural loans has been an effective tool to support rural lending by government-sponsored enterprises, and ACRE would simply expand that tax treatment to all federally-insured banks, thereby increasing loan supply and decreasing costs for borrowers.

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 of \$750,000 or less. ACRE offers a simple and targeted solution to help farmers, ranchers and rural homeowners without creating new government payments or programs. At the end of the day, it's about increasing competition and generating growth in rural communities efficiently and organically.

### Why It Matters

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. At the same time, rising interest rates are squeezing profitability for farmers and putting homeownership out of reach for many rural Americans. ACRE would allow Congress to help sustain and support rural America by quickly bringing more lenders into the rural real-estate market, creating a more competitive interest rate environment for rural borrowers.

## RECOMMENDED ACTION ITEMS

**Co-sponsor ACRE.** Helping farmers, ranchers and rural homeowners gain easier access to competitive, low-cost credit is a bipartisan priority. Demonstrate your support for this important effort by co-sponsoring the legislation.

**Hold Hearings on ACRE.** The House Agriculture and Ways and Means committees and the Senate Agriculture and Finance committees have jurisdiction over this legislation. We urge these panels to hold hearings on the value of ACRE to farmers, ranchers and rural homeowners.