

Access to Credit for our Rural Economy (ACRE) Act

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Issue Update

The Access to Credit for our Rural Economy Act, also known as ACRE, will help sustain and grow rural America by lowering the cost of credit for farmers and ranchers financing agricultural real estate, as well as rural homeowners seeking credit for housing in small rural communities of 2,500 or less.

ACRE will:

- Lower the cost of credit for farmers and ranchers
- Enhance competition for agricultural and rural housing credit
- Help sustain access to local credit in rural America

ACRE removes the taxation on interest income earned by a lender on farm real estate loans and home mortgage loans in rural areas and towns of less than 2,500. By removing this taxation, community banks would finally be able to match the pricing of lenders that already benefit from this tax treatment for rural loans. This will lower interest rates, thereby expanding access to low-cost sources of credit in rural communities. It is estimated ACRE could save rural communities \$1.15 billion in interest savings annually. ACRE offers a simple solution to help farmers and ranchers and rural homeowners without creating new government payments or programs.

Why It Matters

Lingering effects of high inflation and supply chain disruptions are driving up the cost of running America's farms and ranches, which in turn forces farmers to rely more heavily on credit. At the same time, high interest rates are squeezing profitability for farmers and putting homeownership out of reach for many rural Americans. Congress needs to do everything it can to help sustain and grow rural America by allowing the most competitive interest rate environment possible for rural borrowers. By lowering costs for rural borrowers, ACRE provides economic assistance to agricultural producers and rural communities, which is vital to their long-term survivability during the current agricultural downturn.

Recommended Action Items

Cosponsor ACRE. The ACRE Act has strong bipartisan support in both the House and Senate, but more is needed. Encourage Members of Congress to prioritize access to competitive low-cost credit for farmers, ranchers and rural homeowners.

Include ACRE in Tax Reform. Urge Congress to include ACRE as part of ongoing tax discussions. ACRE is a simple solution to reduce the cost of credit for farmers, ranchers, and rural homeowners across America.