

July 27, 2023

The Honorable Charles Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

Dear Majority Leader Schumer and Minority Leader McConnell:

On behalf of the American Bankers Association (ABA), I am writing to express our strong support for S.2371, the Access to Credit for our Rural Economy Act (ACRE Act) of 2023 introduced by Senators Jerry Moran (R-KS) and Angus King (I-ME). This bipartisan solution to a non-partisan problem will help sustain and grow rural America by making it easier for farmers, ranchers and rural families to access low-cost credit.

As the nation emerges from the COVID-19 pandemic, farmers and ranchers throughout the country are facing skyrocketing costs on everything from fertilizer to pallets. At the same time, rising interest rates are making it more difficult to purchase agricultural land and finance existing operations. This is particularly true for beginning and socially disadvantaged farmers and ranchers, who tend to have the most difficulty obtaining affordable credit and may lack access to alternative forms of capital. ACRE addresses this problem by making the market more competitive and promoting the extension of credit to America's farmers, ranchers and agricultural borrowers.

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 that do not exceed \$750,000 in rural communities of no more than 2,500 people.

In an intensely competitive lending market, these tax savings would be passed along to borrowers in the form of lower interest rates on loans secured by farm real estate and aquaculture facilities, saving farmers and ranchers approximately \$950 million per year. ACRE would also help put homeownership back within reach and stem population loss in our rural communities by lowering the interest rate on qualified mortgages by an estimated .5% to 1.5%. This will result in approximately \$200 million in yearly interest savings on rural mortgages. Overall, the ACRE Act will provide approximately \$1.15 billion in annual interest expense savings for borrowers in rural America.

Finding bipartisan solutions to reduce interest rates in this environment is extremely important to American agriculture and rural America. Congress is uniquely positioned to help our country's



American
Bankers
Association

Building Success. Together.

Kirsten Sutton
Executive Vice President
Congressional Relations & Legislative Affairs
P: 202-663-5356
ksutton@aba.com

farmers, ranchers and rural communities thrive by ensuring they have access to the affordable credit they need. ABA urges all Members of Congress to support the ACRE Act.

Sincerely,

A handwritten signature in cursive script that reads 'Kirsten Sutton'.

Cc: Members of the U.S. Senate