

May 24, 2023

The Honorable Kevin McCarthy
Speaker of the House
United States House of Representatives
Washington, D.C. 20515

The Honorable Hakeem Jeffries
House Minority Leader
United States House Representatives
Washington, D.C. 20515

Dear Speaker McCarthy and Minority Leader Jeffries:

On behalf of the American Bankers Association¹ (ABA), I am writing to express our strong support for H.R. 3139, the Access to Credit for our Rural Economy Act (ACRE Act) of 2023 introduced by Representatives Randy Feenstra (R-IA-4) and Wiley Nickel (D-NC-13). 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 young and 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

¹ The American Bankers Association is the voice of the nation's \$23.6 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard \$19.2 trillion in deposits and extend \$12.2 trillion in loans.

farmers, ranchers, and rural communities grow and 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 black ink that reads "Kristen Sutton". The signature is written in a cursive style with a large, looping initial "K".

CC: Members of the U.S. House of Representatives