

March 19, 2021

The Honorable Ron Kind
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Randy Feenstra
U.S. House of Representatives
Washington, D.C. 20515

Dear Representatives Kind and Feenstra:

On behalf of the members of the American Bankers Association (ABA), I write to express our strong support for your legislation H.R. 1977, the Enhancing Credit Opportunities in Rural America Act (ECORA) of 2021. This legislation has one important purpose -- to assist agricultural borrowers.

Without record financial assistance from USDA, net farm income would have dropped dramatically in 2020. With farm incomes declining from their high in 2012, Congress needs to do everything they can to help farmers and ranchers do more with less income. ECORA would enhance net farm income for the long term and will benefit agricultural producers that aren't likely to receive similar direct assistance in the future.

Congress can help our country's farmers and ranchers in this current agricultural economy. Farm prices continue to remain stagnant while the cost for land and farm inputs continue to rise. When this happens, farmers and ranchers feel the squeeze of lower income levels. ECORA will lower the cost for farmers and ranchers to acquire credit in rural America. ECORA removes the taxation on income from farm real estate loans that are made by Federal Deposit Insurance Corporation-backed financial institutions. By removing this taxation, the cost to make farm and ranch real estate loans will be reduced, and the savings will be passed on to farmer and rancher customers.

It is estimated that ECORA could reduce the average interest rate on a farm and ranch real estate loan by 21%. This legislation offers a straightforward solution to help farmers and ranchers during this time of lower farm incomes without creating new government payments or programs.

The goal of ABA and our member banks in agriculture is to lower costs for all farmers and ranchers and ECORA will accomplish that. We applaud you for introducing H.R. 1977 and we urge members of the House to support agriculture borrowers by supporting this important measure.

Sincerely,



cc: Members of the United States House of Representatives