

Access to Credit for our Rural Economy (ACRE) Act

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Issue Update

The Access to Credit for our Rural Economy Act (S. 838/H.R. 1822), also known as ACRE, will help sustain and grow rural America by lowering the cost of financing certain agricultural loans and rural mortgages. Provisions of the ACRE Act were included in the House budget reconciliation package.

The ACRE Act allows banks to exclude from federal income tax interest earned from new farm real estate loans, aquaculture loans, and home mortgages in small rural communities of 2,500 or less. This will enable community banks to lower interest rates and expand access to low-cost credit. ACRE offers a simple solution to create a more competitive market for agricultural loans that benefits farmers, ranchers, and rural homeowners without new government payments or programs.

The House budget reconciliation package includes a modified ACRE – allowing banks to exclude 25% of their interest income for new farm real estate loans and aquaculture loans. Home mortgages would not be eligible for this tax treatment and the provision would expire on December 31, 2028.

Why It Matters

The lingering effects of high inflation and supply chain disruptions are driving up the costs of operating America's farms and ranches. At the same time, high interest rates are hampering profitability for farmers and putting homeownership out of reach for many rural Americans. By lowering costs for rural borrowers, ACRE will bolster agricultural producers and rural communities.

Recommended Action Items

Cosponsor ACRE. The ACRE Act has strong bipartisan support in both the House and Senate, but we must continue to grow our list of cosponsors. Members of Congress need to be encouraged to prioritize access to competitive low-cost credit for farmers, ranchers, and rural homeowners. Ask your members of Congress to cosponsor ACRE.

Keep ACRE in the Reconciliation Package and Strengthen It. Narrow provisions of ACRE were included in the House budget reconciliation package, providing a 25% interest income exclusion for certain agricultural loans but excluding rural home mortgages. We urge Congress to retain ACRE in the final reconciliation bill and expand it to its original form so farmers and ranchers can realize the full benefit.