

Access to Credit for our Rural Economy (ACRE) Act

Ed Elfmann | eelfmann@aba.com | 202-663-5018

Anthony Pardal | apardal@aba.com | 239-410-6048

December 2025

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. A modified version of ACRE was included in H.R. 1, the One Big Beautiful Bill (OB BB) Act under Section 70435 and became law on July 4, 2025.

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 OB BB includes a modified version of ACRE – allowing banks to exclude 25% of their interest income for new farm real estate loans and aquaculture loans. While the provision is permanent, it does not extend to home mortgages.

Why It Matters

Rising input prices and supply chain dynamics 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

Ask Congress for Guidance from Treasury. With a modified version of the ACRE Act being included in the OB BB, bankers now need guidance from Treasury on how to properly apply and use ACRE when working with farmers and ranchers. Thank your Members of Congress for their support and ask them to weigh in with Treasury to provide guidance to bankers.