

March 9, 2020

To: Members of the United States Senate

From: James Ballentine, Executive Vice President, Congressional Relations & Political Affairs

Re: American Bankers Association Support for S. 1641, the Enhancing Credit Opportunities in Rural America Act (ECORA) of 2019

On behalf of the members of the American Bankers Association (ABA), I write to express our strong support for S. 1641, the Enhancing Credit Opportunities in Rural America Act (ECORA) of 2019. This legislation has one important purpose -- to assist agricultural borrowers.

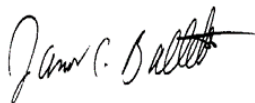
According to the United States Department of Agriculture, net farm income is expected to decrease by \$10.9 billion, a decrease of 9% when compared to the 2019 forecast. With farm incomes declining from their high in 2012, Congress needs to do everything they can to help farmers and ranchers do more with less income. ECORA will immediately provide a pathway to increasing income for farmers and ranchers.

Congress is in a position to 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 1.5% to 2%. 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 urge members of the Senate to support agriculture borrowers by supporting S. 1641.

Sincerely,



James C. Ballentine