

Status of ACRE Implementation

What is ACRE?

- The Access to Credit for our Rural Economy Act (ACRE) is a long-standing priority of ICBA which was included in the One Big Beautiful Bill Act, albeit in partial form, and signed into law July 4, 2025.
- ACRE (as enacted by OBBB) provides a 25 percent tax exclusion for interest earned on bank loans secured by agricultural real estate, real property used for fishing or seafood processing, and any aquaculture facility. Definitions of qualifying lenders and qualifying loans are set forth in the statute.
- ACRE became effective July 4. The Treasury Department and the IRS will publish implementing regulations to clarify statutory definitions.
- ACRE is intended to create partial parity with Farm Credit System lenders and thereby create more competition among lenders to the benefit of agricultural borrowers.

ICBA Meeting with Treasury

- In late July, ICBA met with staff from Treasury's Office of Tax Legislative Counsel as well as IRS attorneys to discuss the implementing rule.
- The primary topics of discussion were the meaning of "secured by agricultural real estate" (a condition of ACRE) and "refinancing" (an exclusion from ACRE).

Overarching Message on ACRE Implementation

- Qualifying as many loans as possible will provide interest rate relief for farmers and ranchers and promote rural prosperity. We believe this is what Congress and President Trump intend with the inclusion of ACRE in OBBB.
- The rule should prioritize simplicity, easy implementation and administration. Complex, multi-part tests for qualifying loans would discourage the use of ACRE and undermine its purpose.

Refinancing

- The statute disqualifies "refinancings" from the ACRE benefit. Specifically, the statute provides that "a loan shall not be treated as made after the date of the enactment of this section (i.e., would be disqualified) to the extent that the proceeds of such loan are used to refinance a loan which was made on or before the date of the enactment."
- Among agricultural bankers, a refinancing is a new loan that pays off the balance of an existing loan. This is typically done to obtain a lower rate or extend the term.
- If the refinancing prohibition is rigidly applied, it will exclude outstanding loans and block the availability of interest rate relief for borrowers who need it most, undermining statutory intent.

- Among agricultural bankers, a loan that includes any “new money” beyond what is needed to pay off the existing loan is not a refinancing. We believe Treasury guidance should recognize this.

Meaning of “Secured by”

According to the statutory language, any loan secured by “rural and agricultural real estate,” as defined by statute, should qualify, not limited to acquisition loans. Examples of qualifying loans should include:

- Operating loans, equipment loans, working capital loans, livestock loans, facility construction loans. All could all be secured by RE.
- A loan may be partially secured by RE in addition to, say, the value of equipment acquired. Such loans should qualify.
- A loan secured by RE that includes a dwelling. Such property is “*substantially* used for the production of one or more agricultural products.” The property is primarily used for agricultural production, though it incidentally includes a dwelling.
- Loans to fund improvements.
- Loans for which RE is an additional, secondary source of collateral, not the only source of collateral, should qualify.
- Loans guaranteed by FSA/USDA.

What’s Next

- Treasury has not indicated when it expects to issue proposed regulations under ACRE.
- ICBA continues to advocate before Treasury for favorable implementation.
- ICBA is asking members of Congress to engage with Treasury in support of a favorable implementing rule.