



# ICBA Capital Summit

April 29–May 1, 2026 | Washington, D.C.

## ICBA Legislative Update:

# Expand the Access to Credit for our Rural Economy (ACRE) Act

### Overview:

A version of the ACRE Act, sponsored by Rep. Randy Feenstra (R-IA) and Sen. Jerry Moran (R-KS), was included in the One Big Beautiful Bill Act, signed into law in July 2025 as Section 139L of the tax code. The new law provides for a 25 percent tax exclusion of income generated from loans secured by agricultural land. The IRS has issued guidance, which many community banks are relying on to extend loans under Section 139L.

ICBA is pressing Congress to introduce a new version of ACRE that would:

- Expand the income exclusion to 50 percent or higher.
- Apply the exclusion to income on residential mortgages in towns of less than 2,500 population.
- Apply the exclusion to refinanced loans that were originated before July 4, 2025.

Congress could expand ACRE by applying one or more of these options.

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An expanded ACRE would further lower the cost of credit for farmers, ranchers, and potentially rural homeowners while creating a more equitable and competitive rural lending environment. Community banks compete with tax-exempt lenders in rural America that already enjoy this benefit. An expanded ACRE would promote the viability of farmers and ranchers, rural communities, and community banks in a challenging economic environment.

Farmers and ranchers, as well as rural communities built around agriculture, must have access to affordable credit to survive and prosper. Challenges faced by rural communities include volatile weather, fluctuating commodity prices, rising input costs (including fertilizer and diesel), elevated interest rates, and tight cash flows. Profit margins are often thin and working capital can be depleted quickly. Young, beginning, and small (YBS) farmers and ranchers often have little equity and are deemed less credit worthy.

The rural housing market also faces unique challenges. Rural properties are often irregular, fewer in number, or mixed use, making it difficult to find comparable sales (“comps”) for residential appraisals as required by Fannie Mae and Freddie Mac.

## KEY TALKING POINTS

- Support a new, expanded version of the ACRE Act.
- Community banks are already using Section 139L (ACRE) to reduce interest rates for struggling farmers and ranchers. A new version of ACRE would provide much needed and greater interest rate relief for these borrowers.
- ACRE offers community banks greater flexibility to work with farmers and ranchers who may have trouble servicing their debt or are YBS borrowers with little equity.
- ACRE gives lenders a strong incentive to remain in the rural farming and housing markets, thereby boosting local economic activity and access to credit.