



ICBA[®] 2021 CAPITAL SUMMIT

ENHANCING CREDIT OPPORTUNITIES FOR RURAL AMERICA ACT OF 2021

NEED FOR LEGISLATION

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 bad weather, fluctuating commodity prices, rising input costs, and tight cash flows. Profit margins are often tight and working capital can be depleted quickly. Young, beginning and small farmers and ranchers often have little equity and are deemed to be less credit worthy and succession planning can often be difficult.

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

The community banks that serve these communities must compete with tax exempt lenders such as the Farm Credit System (FCS) and credit unions. Legislation is needed that would allow community bankers to offer better terms and lower interest rates to farmers and ranchers. This would ensure farmers, ranchers, and eligible rural homeowners can access credit at lower costs while allowing community banks some of the same tax benefits enjoyed by other lenders, creating a more equitable and competitive rural lending environment.

STATE OF PLAY

- » The Enhancing Credit Opportunities for Rural America (ECORA) Act (H.R. 1977) was introduced in the House by Reps. Ron Kind (D-WI) and Randy Feenstra (R-IA). ECORA has been introduced in the House with bipartisan sponsorship in the past several Congresses.
- » A Senate companion bill was introduced in the last Congress, but the sponsor has retired. A new bill is expected in the coming months.

KEY PROVISIONS OF THE ECORA ACT

- » Exempting interest on loans secured by agricultural real estate from taxation.
- » Exempts interest on residential mortgages in communities of less than 2,500 population from taxation, provided the home is the primary residence of the borrower.

MESSAGE FOR YOUR MEMBERS OF CONGRESS

Please cosponsor the House ECORA Act (H.R. 1977) and the coming Senate companion bill.

