

118TH CONGRESS
1ST SESSION

H. R. 3139

To amend the Internal Revenue Code of 1986 to exclude from gross income interest received on certain loans secured by rural or agricultural real property.

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2023

Mr. FEENSTRA (for himself and Mr. NICKEL) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income interest received on certain loans secured by rural or agricultural real property.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Access to Credit for
5 our Rural Economy Act of 2023” or as the “ACRE Act
6 of 2023”.

1 **SEC. 2. EXCLUSION OF INTEREST ON LOANS SECURED BY**
2 **RURAL OR AGRICULTURAL REAL PROPERTY.**

3 (a) IN GENERAL.—Part III of subchapter B of chap-
4 ter 1 of the Internal Revenue Code of 1986 is amended
5 by inserting after section 139I the following new section:

6 **“SEC. 139J. INTEREST ON LOANS SECURED BY RURAL OR**
7 **AGRICULTURAL REAL PROPERTY.**

8 “(a) IN GENERAL.—Gross income shall not include
9 interest received by a qualified lender on any qualified real
10 estate loan.

11 “(b) QUALIFIED LENDER.—For purposes of this sec-
12 tion, the term ‘qualified lender’ means—

13 “(1) any bank or savings association the depos-
14 its of which are insured under the Federal Deposit
15 Insurance Act (12 U.S.C. 1811 et seq.), and

16 “(2) any entity wholly owned, directly or indi-
17 rectly, by a company that is treated as a bank hold-
18 ing company for purposes of section 8 of the Inter-
19 national Banking Act of 1978 (12 U.S.C. 3106) if—

20 “(A) such entity is organized, incor-
21 porated, or established under the laws of the
22 United States or any State of the United
23 States, and

24 “(B) the principal place of business of
25 such entity is in the United States.

1 “(c) QUALIFIED REAL ESTATE LOAN.—For purposes
2 of this section—

3 “(1) IN GENERAL.—The term ‘qualified real es-
4 tate loan’ means any loan—

5 “(A) secured by rural or agricultural real
6 estate or by a leasehold mortgage (with a status
7 as a lien) on rural or agricultural real estate,
8 and

9 “(B) in the case of any loan with respect
10 to single family residence described in para-
11 graph (2)(B)—

12 “(i) the proceeds of which are used to
13 purchase or improve such residence, and

14 “(ii) the principal of which (when
15 added to the principal of all other such
16 loans with respect to such residence) does
17 not (as of the time the interest income on
18 such loan is accrued) exceed \$750,000.

19 For purposes of the preceding sentence, the deter-
20 mination of whether property securing such loan is
21 rural or agricultural real estate shall be made as of
22 the time the interest income on such loan is accrued.

23 “(2) RURAL OR AGRICULTURAL REAL ES-
24 TATE.—The term ‘rural or agricultural real estate’
25 means—

1 “(A) any real property which is substan-
2 tially used for the production of one or more
3 agricultural products,

4 “(B) any single family residence—

5 “(i) which is the principal residence
6 (within the meaning of section 121) of its
7 occupant, and

8 “(ii) which is located in a rural area
9 within the meaning of section 1.11(b)(3) of
10 the Agricultural Credit Act of 1987 (12
11 U.S.C. 2019(b)(3)), and

12 “(C) any aquaculture facility.

13 “(3) AQUACULTURE FACILITY.—The term
14 ‘aquaculture facility’ means any land, structure, or
15 other appurtenance that is used for aquaculture (in-
16 cluding any hatchery, rearing pond, raceway, pen, or
17 incubator) that is located in any State.

18 “(d) COORDINATION WITH SECTION 265.—Qualified
19 real estate loans shall be treated as obligations described
20 in section 265(a)(2) the interest on which is wholly exempt
21 from the taxes imposed by this subtitle.”.

22 (b) CLERICAL AMENDMENT.—The table of sections
23 for such subpart III is amended by inserting after the item
24 relating to section 139I the following new item:

“Sec. 139J. Interest on loans secured by rural or agricultural real property.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

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