

119TH CONGRESS
1ST SESSION

S. _____

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 SENATE OF THE UNITED STATES

Mr. MORAN (for himself, Mr. KING, Mr. TUBERVILLE, Mr. GALLEGRO, and Mr. CRAMER) introduced the following bill; which was read twice and referred to the Committee on _____

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 2025” or as the “ACRE Act
6 of 2025”.

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.),

16 “(2) any State- or Federally-regulated insur-
17 ance company,

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

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

1 “(B) the principal place of business of
2 such entity is in the United States (including
3 any territory of the United States),

4 “(4) any entity wholly owned, directly or indi-
5 rectly, by a company that is considered an insurance
6 holding company under the laws of any State if such
7 entity satisfies the requirements described in sub-
8 paragraphs (A) and (B) of paragraph (3), and

9 “(5) with respect to interest received on a quali-
10 fied real estate loan secured by real estate described
11 in subsection (c)(3)(A), any federally chartered in-
12 strumentality of the United States established under
13 section 8.1(a) of the Farm Credit Act of 1971 (12
14 U.S.C. 2279aa-1(a)).

15 “(c) QUALIFIED REAL ESTATE LOAN.—For purposes
16 of this section—

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

19 “(A) secured by—

20 “(i) rural or agricultural real estate or
21 forestland, or

22 “(ii) a leasehold mortgage (with a sta-
23 tus as a lien) on rural or agricultural real
24 estate,

1 “(B) which is made to a person other than
2 a foreign adversary entity,

3 “(C) in the case of any loan with respect
4 to single family residence described in para-
5 graph (3)(B)—

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

8 “(ii) the principal of which (when
9 added to the principal of all other such
10 loans with respect to such residence) does
11 not (as of the time the interest income on
12 such loan is accrued) exceed \$750,000, and

13 “(D) made after the date of the enactment
14 of this section.

15 For purposes of the preceding sentence, the deter-
16 mination of whether property securing such loan is
17 rural or agricultural real estate shall be made as of
18 the time the interest income on such loan is accrued.

19 “(2) REFINANCINGS.—For purposes of sub-
20 paragraphs (A) and (C) of paragraph (1), a loan
21 shall not be treated as made after the date of the
22 enactment of this section to the extent that the pro-
23 ceeds of such loan are used to refinance a loan
24 which was made on or before the date of the enact-
25 ment of this Act (or, in the case of any series of

1 refinancings, the original loan was made on or be-
2 fore such date).

3 “(3) RURAL OR AGRICULTURAL REAL ES-
4 TATE.—The term ‘rural or agricultural real estate’
5 means—

6 “(A) any real property which is substan-
7 tially used for the production of one or more
8 agricultural products,

9 “(B) any single family residence—

10 “(i) which is the principal residence
11 (within the meaning of section 121) of its
12 occupant, and

13 “(ii) which is located in a rural area
14 within the meaning of section 1.11(b)(3) of
15 the Agricultural Credit Act of 1987 (12
16 U.S.C. 2019(b)(3)),

17 “(C) any real property which is substan-
18 tially used in the trade or business of fishing or
19 seafood processing, and

20 “(D) any aquaculture facility.

21 “(4) AQUACULTURE FACILITY.—The term
22 ‘aquaculture facility’ means any land, structure, or
23 other appurtenance that is used for aquaculture (in-
24 cluding any hatchery, rearing pond, raceway, pen, or

1 incubator) that is located in any State or any terri-
2 tory of the United States.

3 “(5) FOREIGN ADVERSARY ENTITY.—

4 “(A) IN GENERAL.—The term ‘foreign ad-
5 versary entity’ means—

6 “(i) a foreign adversary,

7 “(ii) a foreign person subject to the
8 jurisdiction of, or organized under the laws
9 of, a foreign adversary, and

10 “(iii) a foreign person owned, di-
11 rected, or controlled by an entity described
12 in clause (i) or (ii).

13 “(B) FOREIGN ADVERSARY.—The term
14 ‘foreign adversary’ means—

15 “(i) the People’s Republic of China,
16 including all Special Administrative Re-
17 gions,

18 “(ii) the Republic of Cuba,

19 “(iii) the Islamic Republic of Iran,

20 “(iv) the Democratic People’s Repub-
21 lic of Korea,

22 “(v) the Russian Federation, and

23 “(vi) the Bolivarian Republic of Ven-
24 ezuela during any period of time in which

1 Nicholás Maduro is President of the Re-
2 public.

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

7 (b) CLERICAL AMENDMENT.—The table of sections
8 for part III of subchapter B of chapter 1 of the Internal
9 Revenue Code of 1986 is amended by inserting after the
10 item relating to section 139I the following new item:

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

11 (c) REPORT TO CONGRESS.—Not later than 5 years
12 after the date of the enactment of this Act, the Secretary
13 of the Treasury (or the Secretary’s delegate) shall submit
14 a written report to the Committee on Ways and Means
15 of House of Representatives and the Committee on Fi-
16 nance of the Senate analyzing the impact of section 139J
17 of the Internal Revenue Code of 1986 (as added by sub-
18 section (a)) on qualified real estate loans (as defined in
19 such section), including whether such section has resulted
20 in a reduction in the rate of interest on such loans.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years ending after the
23 date of the enactment of this Act.