

Enhancing Credit Opportunities in Rural America (ECORA) Act

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Issue Update

The Enhancing Credit Opportunities in Rural America Act (H.R. 1977/ S. 2202), also known as ECORA, will help sustain and grow Rural America by lowering the cost for farmers financing agricultural real estate and rural homeowners seeking credit for housing in small rural communities of 2,500 or less. ECORA has been introduced in the House of Representatives by Representatives Ron Kind (D-WI) and Randy Feenstra (R-IA). In the Senate, the legislation has been introduced by Senators Jerry Moran (R-KS), John Boozman (R-AR), Mike Rounds (R-SD), Kevin Cramer (R-ND) and Roger Marshall (R-KS).

ECORA removes the taxation on income from farm real estate loans and rural home mortgage loans in rural areas and towns of less than 2,500 made by Federal Deposit Insurance Corporation insured financial institutions. By removing this taxation, the cost to make these loans will be reduced, and the savings will be passed on to farmers, ranchers, and rural homeowners. It is estimated ECORA could reduce the average interest rate on a farm and ranch real estate loan by 21%. ECORA offers a simple solution to help farmers, ranchers and rural homeowners without creating new government payments or programs.

Why It Matters

The ECORA Act will:

- Lower the cost of credit for farmer and ranchers
- Enhance competition for agricultural and rural housing credit
- Help sustain access to local credit in Rural America

With increasing inflation affecting income for farmers and ranchers in 2022, we encourage Congress to pass ECORA to help agricultural producers do more with less income. Agricultural real estate lending increased in 2021 and is projected to increase again in 2022. ECORA would benefit rural borrowers of agricultural credit and of rural home mortgage loans through lower interest rates and greater access to credit.

Recommended Action Items

Cosponsor ECORA. Helping sustain access to competitive low-cost credit for farmers, ranchers and rural homeowners is a bipartisan priority.

Hold Hearings on ECORA. The House of Representatives Agriculture and Ways and Means Committees and the Senate Agriculture and Finance Committees have jurisdiction over this legislation. We urge these committees to hold hearings on the value of ECORA to farmers, ranchers, and rural homeowners and to give financial institutions the opportunity to discuss the benefits of this legislation.