

116TH CONGRESS
1ST SESSION

S. 1641

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

IN THE SENATE OF THE UNITED STATES

MAY 23 (legislative day, MAY 22), 2019

Mr. ROBERTS (for himself, Mr. MORAN, Mr. HOEVEN, and Mr. CRAMER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income interest received on certain loans secured by 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 “Enhancing Credit Op-
5 portunities in Rural America Act of 2019” or as the
6 “ECORA Act of 2019”.

1 **SEC. 2. EXCLUSION FOR INTEREST ON LOANS SECURED BY**
 2 **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 139G the following new section:

6 **“SEC. 139H. INTEREST ON LOANS SECURED BY AGRICUL-**
 7 **TURAL REAL PROPERTY.**

8 “(a) EXCLUSION.—Gross income shall not include in-
 9 terest received by a qualified lender on any qualified real
 10 estate loan.

11 “(b) DEFINITIONS.—For purposes of this section—

12 “(1) QUALIFIED LENDER.—The term ‘qualified
 13 lender’ means any bank or savings association the
 14 deposits of which are insured under the Federal De-
 15 posit Insurance Act (12 U.S.C. 1811 et seq.).

16 “(2) QUALIFIED REAL ESTATE LOAN.—The
 17 term ‘qualified real estate loan’ means any loan se-
 18 cured by agricultural real estate or by a leasehold
 19 mortgage (with a status as a lien) on agricultural
 20 real estate. For purposes of the preceding sentence,
 21 the determination of whether property securing such
 22 loan is agricultural real estate shall be made as of
 23 the time the interest income on such loan is accrued.

24 “(3) AGRICULTURAL REAL ESTATE.—The term
 25 ‘agricultural real estate’ means—

1 “(A) real property which is substantially
 2 used for the production of one or more agricul-
 3 tural products, and

4 “(B) any single family residence—

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

8 “(ii) which is located in a rural area
 9 (as determined by the Secretary of Agri-
 10 culture), which is not within a Metropoli-
 11 tan Statistical Area (as defined by the Of-
 12 fice of Management and Budget) and
 13 which has a population (determined on the
 14 basis of the most recent decennial census
 15 for which data are available) of 2,500 or
 16 less, and

17 “(iii) which is purchased or improved
 18 with the proceeds of the qualified real es-
 19 tate loan.

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

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for such part III is amended by inserting after the item
3 relating to section 139G the following new item:

“Sec. 139H. Interest on loans secured by agricultural real property.”.

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

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