

116TH CONGRESS  
1ST SESSION

# H. R. 1872

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

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 2019

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

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## 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 139F the following new section:

6 **“SEC. 139G. 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 139F the following new item:

“Sec. 139G. 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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