

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

SENATE BILL 73

5 By: Senator B. Johnson
6 By: Representative Beaty Jr.
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE INCOME TAX LAWS; TO PROVIDE FOR
10 INCOME TAX DEDUCTIONS FOR CERTAIN FINANCIAL
11 INSTITUTIONS; TO CREATE THE ACCESS TO CREDIT FOR OUR
12 RURAL ECONOMY (ACRE) ACT; TO PROVIDE AN INCOME TAX
13 DEDUCTION FOR CERTAIN AGRICULTURAL LOANS; AND FOR
14 OTHER PURPOSES.
15

Subtitle

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17
18 TO CREATE THE ACCESS TO CREDIT FOR OUR
19 RURAL ECONOMY (ACRE) ACT; AND TO PROVIDE
20 AN INCOME TAX DEDUCTION FOR CERTAIN
21 AGRICULTURAL LOANS.
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. DO NOT CODIFY. Title.

26 This act shall be known and may be cited as the "Access to Credit for
27 Our Rural Economy (ACRE) Act".
28

29 SECTION 2. Arkansas Code Title 26, Chapter 51, Subchapter 4, is
30 amended to add an additional section to read as follows:

31 26-51-462. Deduction – Qualified agricultural loans – Definitions.

32 (a) As used in this section:

33 (1) "Eligible lending institution" means a:

34 (A) National banking association;

35 (B) State bank and a registered out-of-state bank, as

36 those terms are defined in § 23-45-102;



1 (C) State trust company, as defined in § 23-51-102; or

2 (D) Federal savings bank;

3 (2) "Interest" means interest on indebtedness attributed to the
 4 state and incurred in the ordinary course of the active conduct of any
 5 business;

6 (3) "Net interest income received from qualified agricultural
 7 loans" means the product of the ratio of the interest income earned on
 8 qualified agricultural loans over total interest income earned, in relation
 9 to the adjusted gross income of the eligible lending institution without
 10 regard to the deduction allowed under this section; and

11 (4) "Qualified agricultural loan" means a loan that:

12 (A) Is made on personal property used for an agricultural
 13 purpose, including without limitation equipment and machinery, livestock, and
 14 crops; or

15 (B) Has the following characteristics:

16 (i) Is made on real property that is substantially
 17 used for the production of one (1) or more agricultural products;

18 (ii) Is secured by a:

19 (a) First lien interest in real property; or

20 (b) Second lien interest in the real property;

21 and

22 (iii) Has an outstanding loan balance that is:

23 (a) Less than eighty-five percent (85%) of the
 24 appraised value of the real estate; or

25 (b) More than eighty-five percent (85%) of the
 26 appraised value of the real estate if the loan balance in excess of eighty-
 27 five percent (85%) of the appraised value is insured by private mortgage
 28 insurance.

29 (b) In computing net income for the purposes of this chapter, there is
 30 allowed as a deduction in addition to all other deductions allowed by law for
 31 the net interest income received from qualified agricultural loans that is
 32 received by an eligible lending institution.

33
 34 SECTION 3. EFFECTIVE DATE. Section 2 of this act is effective for tax
 35 years beginning on or after January 1, 2025.

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