

Support H.R. 2244/S. 978 – The Flexible Financing for Rural America Act

Key Facts

- Members of the Senate and House of Representatives have introduced the Flexible Financing for Rural America Act of 2021 to reprice electric cooperative loans from the U.S. Department of Agriculture's Rural Utilities Service.
- More than 500 electric co-ops in 41 states hold outstanding RUS debt. Electric co-ops could realize \$3.4 billion in savings from repricing RUS loans at current market rates.
- This common-sense solution will allow electric cooperatives to refinance their debt, without prepayment penalties, like other American homeowners and businesses.

The majority of America's electric cooperatives use financing from the U.S. Department of Agriculture's Rural Utilities Service (RUS) Electric Loan Program to support the delivery of affordable, reliable electric service. Unlike a typical home mortgage or business loan, most of these RUS loans cannot be refinanced to take advantage of the current interest rates without paying a penalty.

This common-sense solution will allow an electric cooperative with typical RUS debt to save millions of dollars over the life of their loans. Because electric cooperatives are not-for-profit, community-owned businesses, this savings can be invested back in the areas they serve in the form of lower electric rates and improved infrastructure.

Congress should enact the Flexible Financing for Rural America Act (H.R. 2244/S. 978). This bipartisan legislation, introduced by Reps. O'Halleran (D-AZ) and Hartzler (R-MO) and Sens. Smith (D-MN), Hoeven (R-ND), Sinema (D-AZ), and Boozman (R-AR) would provide needed flexibility to rural communities and their electric co-ops.

Bill Summary

- At an RUS borrower's request, the Secretary of Agriculture will be required to adjust, without penalty, the interest rate on RUS and Federal Financing Bank debt to current market rates.
- The interest rate to which a loan may be adjusted is the Treasury rate, as of the date of enactment of the bill, that most closely matches the remaining term on the loan.
- Requests for a rate adjustment must be made within 180 days of passage of this bill.

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