

September 8, 2021

The Honorable Ron Wyden
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Mike Crapo
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Richard Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Wyden, Chairman Neal, Ranking Member Crapo, and Ranking Member Brady:

On behalf of our nation's farmers, ranchers, and family-owned agribusinesses, the undersigned organizations write to underscore that sound federal tax policy plays a critical role in supporting the viability of the family-owned entities that make up our respective industries. As you begin to draft legislation implementing President Biden's Build Back Better agenda as required under the recently adopted Fiscal Year 2022 Budget Resolution, we respectfully request you do not alter or eliminate long-standing tax code provisions that are fundamental to the financial health of production agriculture and the businesses that supply its inputs, transport its products, market its commodities, and support the vibrancy of U.S. livestock and crop production.

There are more than four times as many farmers and ranchers aged 65 and older as there are those under the age of 35, and these individuals own more than 40 percent of agricultural land in the United States. With more than 370 million acres expected to change hands in the next two decades, the policies Congress enacts now will determine agricultural producers' ability to secure affordable land to start or expand their operations. Regardless of whether a business has already been passed down through multiple generations or is just starting out, the key to its longevity is a continued ability to transition when a family member or business partner dies. For this reason, we firmly believe the current federal estate tax code provisions must be maintained.

Further, federal tax policy should help facilitate the transfer of agricultural land to family-owned operations, and especially those who face the greatest challenges in acquiring it: beginning, veteran and minority farmers and ranchers. Because assets in agriculture are typically held by one owner for several decades, resetting the basis on the value of the land, buildings, and livestock on the date of the owner's death under a step-up in basis is important for surviving family members and business partners to ensure the future financial stability of the operation. Imposing a new capital gains tax at death would effectively establish a transfer tax with the potential to devastate our nation's family-owned agribusinesses.

While it's our understanding such changes may be accompanied by "protections so that family-owned businesses will not have to pay taxes when given to heirs who continue to run the business," this obligation could still discourage the sale of farmland depending on its implementation – potentially increasing the cost and further limiting the availability of farmland. The implication of this proposed safeguard is that the protections will only be provided if the heirs continue to run the family business, which could greatly limit any potential transitions. Such unintended consequences could result in greater barriers to access for new, expanding, and underserved producers alike. Additionally, it's important to note that due to the diverse

complexity of ownership structures across family-owned agricultural entities, combined with the current tax code's fairly restrictive definition of family, it would be virtually impossible to provide meaningful protections for those that need it most. Simply put, exemptions for family-owned farms, ranches, and agribusinesses are untenable. As such, we remain ardently opposed to repealing the step-up in basis and to imposing new capital gains taxes on family farms and ranches when there is a death in the family.

Farms and ranches, like all businesses, must constantly adapt and reinvest in their land, buildings, equipment, and animals to stay efficient and competitive in the marketplace. They must do this while dealing with cash flow challenges that come from thin profit margins and from having to pay ongoing operating expenses with uneven or seasonal income. These issues are compounded by a heavy tax burden that further reduces financial resources. Key to maintaining a reasonable level of taxation for pass-through businesses like farms and ranches is continuation of the Sec. 199A business income deduction. Eliminating or reducing this key business provision will result in a huge tax increase for farmers and ranchers at a time when they can ill afford it. Similarly, retaining like-kind exchanges, which allows businesses to buy and sell like assets without tax consequences, also helps farmers' and ranchers' cash flow and allows them to reinvest in their businesses.

As the economic backbone of nearly every county and rural community across the U.S., the importance of American agriculture and related industries cannot be overlooked. Farmers, ranchers, and family-owned agribusiness operators are responsible for producing the safe, affordable, and abundant food, fiber, and fuel supplies Americans enjoy every day. As the stewards of nearly 900 million acres of crop and rangeland, farmers, and ranchers play an important role in terms of natural resource and land conservation. For agricultural producers, carrying on the legacy of our predecessors and setting the next generation up for success is critically important. It is with this in mind that we urge you to preserve the federal tax provisions that have long-supported American agriculture.

Sincerely,

AgriBusiness Association of Kentucky
Agribusiness Council of Indiana
Agricultural & Food Transporters Conference of ATA
Agricultural Council of Arkansas
Agricultural Retailers Association
Alabama Cattlemen's Association
Alabama Farmers Federation
Alabama Nursery & Landscape Association
Alabama Soybean and Corn Association
Amcot
American Beekeeping Federation
American Cotton Producers
American Farm Bureau Federation
American Feed Industry Association
American Horse Council
American Livestock Markets & Dealers Association
American Mushroom Institute
American National CattleWomen, Inc.
American Pulse Association
American Quarter Horse Association
American Seed Trade Association

American Sheep Industry Association
American Soybean Association
American Sugar Alliance
American Sugar Cane League
American Sugarbeet Growers Association
American Veterinary Medical Association
AmericanHort
Arizona Cotton Ginners Association
Arizona Cotton Growers
Arizona Crop Protection Association
Arizona Dairy Producers Trade Association
Arizona Farm Bureau
Arizona Nursery Association
Arkansas Cattlemen's Association
Arkansas Cotton Ginners Association
Arkansas Cotton Warehouse Association
Arkansas Farm Bureau Federation
Arkansas Rice Federation
Arkansas Soybean Association
Associated Milk Producers Inc.
California Association of Winegrape Growers
California Bean Shippers Association
California Cattlemen's Association

California Cotton Ginners and Growers Association	Idaho Nursery & Landscape Association
California Farm Bureau	Idaho Oilseed Commission
California Rice Commission	Idaho Onion Growers Association
California Rice Industry Association	Idaho Sugarbeet Growers Association
Center for Dairy Excellence	Idaho-Oregon Fruit and Vegetable Association
Colorado Cattlemen's Association	Illinois Beef Association
Colorado Corn Growers Association	Illinois Corn Growers Association
Colorado Dairy Farmers	Illinois Farm Bureau
Colorado Farm Bureau	Illinois Fertilizer and Chemical Association
Colorado Livestock Association	Illinois Green Industry Association
Colorado Nursery and Greenhouse Association	Illinois Milk Producers Association
Colorado Sorghum Association	Illinois Soybean Growers
Colorado Wool Growers Association	Indiana Beef Cattle Association
Connecticut Farm Bureau Association	Indiana Corn Growers Association
Connecticut Land Conservation Council	Indiana Dairy Producers
Connecticut Nursery and Landscape Association	Indiana Farm Bureau
Cotton Growers Warehouse Association	Indiana Soybean Alliance
Cotton Producers of Missouri	Iowa Cattlemen's Association
Cotton Warehouse Association of America	Iowa Corn Growers Association
Crop Insurance Professionals Association	Iowa Farm Bureau
Dairy Producers of New Mexico	Iowa Soybean Association
Delaware Farm Bureau	Iowa State Dairy Association
Delta Council	Kansas Corn Growers Association
Edge Dairy Farmer Cooperative	Kansas Cotton Association Ginner Committee
Far West Agribusiness Association	Kansas Dairy Association
Farm Credit Council	Kansas Farm Bureau
FarmFirst Dairy Cooperative	Kansas Grain Sorghum Producers Association
Florida Cattlemen's Association	Kansas Livestock Association
Florida Citrus Mutual	Kansas Sheep Association
Florida Farm Bureau Federation	Kansas Soybean Association
Florida Fertilizer & Agrichemical Association	Kentucky Cattlemen's Association
Florida Nursery, Growers and Landscape Association	Kentucky Corn Growers Association
Food Producers of Idaho	Kentucky Farm Bureau
Georgia Agribusiness Council	Kentucky Soybean Association
Georgia Cattlemen's Association	Land Trust Alliance
Georgia Corn Growers Association	Livestock Marketing Association
Georgia Cotton Commission	Livestock Marketing Association of Texas
Georgia Farm Bureau Federation	Louisiana Cattlemen's Association
Georgia Green Industry Association	Louisiana Cotton and Grain Association
Georgia Milk Producers, Inc.	Louisiana Farm Bureau Federation
Georgia/Florida Soybean Association	Louisiana Rice Producer Group
Hawaii Cattlemen's Council, Inc.	Maine Farm Bureau Association
Hawaii Farm Bureau Federation	Maine Landscape and Nursery Association
Idaho Barley Commission	Maryland & Virginia Milk Producers Cooperative
Idaho Dairywomen's Association	Maryland Cattlemen's Association, Inc.
Idaho Farm Bureau Federation	Maryland Farm Bureau
Idaho Grain Producers Association	Michigan Bean Commission
Idaho Hay and Forage Association	Michigan Cattlemen's Association
Idaho Irrigation Equipment Association	Michigan Corn Growers Association
	Michigan Farm Bureau
	Michigan Nursery & Landscape Association

Michigan Soybean Association
Mid Atlantic Soybean Association
Midwest Dairy Coalition
Milk Producers Council
Minnesota Corn Growers Association
Minnesota Farm Bureau
Minnesota Milk Producers Association
Minnesota Soybean Growers Association
Minnesota State Cattlemen's Association
Mississippi Cattlemen's Association
Mississippi Farm Bureau Federation
Mississippi Rice Council
Mississippi Soybean Association
Missouri Cattlemen's Association
Missouri Corn Growers Association
Missouri Farm Bureau
Missouri Rice Research and Merchandising
Council
Missouri Soybean Association
Montana Association of Land Trusts
Montana Farm Bureau Federation
Montana Stockgrowers Association
Montana Wool Growers Association
National All-Jersey
National Association of State Departments of
Agriculture
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Beef Association
National Corn Growers Association
National Cotton Council
National Cotton Ginners Association
National Council of Farmer Cooperatives
National Grain and Feed Association
National Grange
National Milk Producers Federation
National Onion Association
National Peach Council
National Potato Council
National Sorghum Producers
National Sunflower Association
National Turkey Federation
Nebraska Agri-Business Association
Nebraska Cattlemen
Nebraska Corn Growers Association
Nebraska Farm Bureau Federation
Nebraska Sorghum Producers Association
Nebraska Soybean Association
Nebraska State Dairy Association
Nevada Cattlemen's Association
Nevada Farm Bureau Federation

Nevada Wool Growers
New Hampshire Farm Bureau Federation
New Jersey Farm Bureau
New Mexico Cattle Growers Association
New Mexico Cotton Ginners Association
New Mexico Farm and Livestock Bureau
New Mexico Pecos Valley Farmers Association
New Mexico Sorghum Association
New York Corn & Soybean Grower Association
New York Farm Bureau
New York State Flower Industries
North American Renderers Association
North Carolina Cattlemen's Association
North Carolina Cotton Producers Association
North Carolina Farm Bureau
North Carolina Soybean Producers Association
North Dakota Corn Growers Association
North Dakota Farm Bureau
North Dakota Grain Growers Association
North Dakota Lamb and Wool Producers
Association
North Dakota Soybean Growers Association
North Dakota Stockmen's Association
Northarvest Bean Growers Association
Northern Canola Growers Association
Northern Pulse Growers Association
Northwest Agricultural Cooperative Council
Ohio AgriBusiness Association
Ohio Cattlemen's Association
Ohio Corn & Wheat Growers Association
Ohio Dairy Producers Association
Ohio Farm Bureau Federation
Ohio Nursery & Landscape Association
Ohio Soybean Association
Oklahoma Cattlemen's Association
Oklahoma Cotton Council
Oklahoma Farm Bureau
Oklahoma Soybean Association
Oregon Association of Nurseries
Oregon Cattlemen's Association
Oregon Dairy Farmers Association
Oregon Farm Bureau
Owyhee Cattleman's Association
Panhandle Peanut Growers Association
Partnership of Rangeland Trusts
Pennsylvania Cattlemen's Association
Pennsylvania Farm Bureau
Pennsylvania Landscape & Nursery Association
Plains Cotton Growers, Inc.
Plant California Alliance
Professional Dairy Managers of Pennsylvania

Public Lands Council
Red River Valley Sugarbeet Growers Association
Rhode Island Farm Bureau Federation
Rhode Island Land Trust Council
Rolling Plains Cotton Growers
Saint Lawrence Cotton Growers Association
Select Milk Producers
South Carolina Cattlemen's Association
South Carolina Corn and Soybean Association
South Carolina Farm Bureau Federation
South Carolina Peach Council
South Carolina Sheep Industries Association
South Dakota Agri-Business Association
South Dakota Association of Cooperatives
South Dakota Cattlemen's Association
South Dakota Corn Growers Association
South Dakota Dairy Producers
South Dakota Farm Bureau Federation
South Dakota Sheep Growers Association
South Dakota Soybean Association
South Dakota Stockgrowers Association
South East Dairy Farmers Association
South Texas Cotton & Grain Association
Southeast Cotton Ginners Association
Southern Cotton Ginners Association
Southern Cotton Growers, Inc.
Southern Idaho Potato Cooperative
Southern Kansas Cotton Growers Coop
Southern Rolling Plains Cotton Growers Assn
Southwest Council of Agribusiness
Tennessee Cattlemen's Association
Tennessee Farm Bureau Federation
Tennessee Nursery & Landscape Association, Inc.
Tennessee Soybean Association
Texas & Southwestern Cattle Raisers Association
Texas Ag Industries Association
Texas Cattle Feeders Association
Texas Citrus Mutual
Texas Corn Producers Association
Texas Cotton Ginners Association
Texas Farm Bureau
Texas Grain Sorghum Association
Texas Nursery & Landscape Association

Texas Rice Producers Legislative Group
Texas Soybean Association
Texas Wheat Producers Association
The Montana Land Reliance
The Utah Wool Growers Association
U.S. Apple Association
U.S. Canola Association
U.S. Pea & Lentil Trade Association
United Dairymen of Arizona
United Egg Producers
United Fresh Produce Association
US Rice Producers Association
US Sweet Potato Council
USA Dry Pea & Lentil Council
USA Rice
Utah Cattlemen's Association
Vermont Farm Bureau
Virginia Agribusiness Council
Virginia Cattlemen's Association
Virginia Farm Bureau
Virginia Nursery & Landscape Association
Virginia Soybean Association
Virginia State Dairymen's Association
Washington Cattle Feeders Association
Washington Cattlemen's Association
Washington Farm Bureau
Washington State Dairy Federation
Washington State Nursery & Landscape Association
West Virginia Cattlemen's Association
Western Agricultural Processors Association
Western Growers
Western Peanut Growers Association
Western Plant Health Association
Western States Dairy Producers Association
Wisconsin Cattlemen's Association
Wisconsin Corn Growers Association
Wisconsin Farm Bureau Federation
Wisconsin Soybean Association
Wyoming Farm Bureau
Wyoming Stock Growers Association
Wyoming Wool Growers Association

CC: The Honorable Chuck Schumer, Majority Leader
The Honorable Mitch McConnell, Minority Leader
The Honorable Nancy Pelosi, Speaker of the House
The Honorable Kevin McCarthy, Minority Leader