

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