

May 10, 2021

The Honorable Chuck Schumer  
Majority Leader  
United States Senate  
Room S-221, The Capitol  
Washington, DC 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Room S-230, The Capitol  
Washington, DC 20510

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
Room H-305, The Capitol  
Washington, DC 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Room H-204, The Capitol  
Washington, DC 20515

Dear Majority Leader Schumer, and Minority Leader McConnell, Speaker Pelosi, and Minority Leader McCarthy:

On behalf of our nation's farmers, ranchers, and family-owned agricultural operations we write to express our significant concerns about legislative proposals that would jeopardize the viability of the family-owned businesses that make up our respective industries. As Congress turns its attention to making investments in our nation's infrastructure and human resources, we urge you not to 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, and market its commodities. While it is not our intent to represent a comprehensive statement on tax policy, we believe the following principals will ensure that financial harm is not caused to our nation's family-owned agricultural businesses.

**Preserve Tax Provisions that Support Future New and Multi-generational Operations:**

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 their longevity is a continued ability to transition when a family member or business partner dies. For this reason, we believe the current estate tax exclusion limits must be maintained.

Additionally, federal tax policy should help facilitate the transfer of agricultural land to family-owned operations, including 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. While imposing a new capital gains tax at death "with protections so that family-owned businesses will not have to pay taxes when given to heirs who continue to run the business" may be well-intentioned, 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. As currently outlined, we remain 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.

**Safeguard the Viability of All Family-owned Agricultural Business Entities:**

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 business' 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 to reinvest in their businesses.

Livestock and crop production are the heart of American agriculture, providing the safe, affordable, and nutritious food Americans enjoy every day, and serving as the economic backbone of rural communities across this country. As the stewards of nearly 900 million acres of crop and rangeland in the U.S., agricultural producers play an important role in terms of natural resource and land conservation.

Thank you for your continued efforts in support of U.S. production agriculture. As Congress works to enact a comprehensive infrastructure package, we appreciate your consideration of these important issues. We look forward to working with you on legislation that ultimately preserves the long-term sustainability and vibrancy of family-owned farms, ranches, and agribusinesses.

Sincerely,

Agricultural & Food Transporters Conference of  
ATA

Agricultural Retailers Association

American Association of Crop Insurers

American Farm Bureau Federation

American Horse Council

American Mushroom Institute

American Seed Trade Association

American Sheep Industry Association

American Soybean Association

American Sugar Alliance

American Veterinary Medical Association

AmericanHort

Cotton Warehouse Association of America

Crop Insurance Professionals Association

Farm Credit Council

Livestock Marketing Association

National All-Jersey

National Association of State Departments of  
Agriculture

National Association of Wheat Growers

National Cattlemen's Beef Association

National Corn Growers Association

National Cotton Council

National Grange

National Milk Producers Federation

National Peach Council

National Pork Producers Council

National Potato Council

National Sorghum Producers

National Turkey Federation

North American Renderers Association

Panhandle Peanut Growers Association

Public Lands Council

South East Dairy Farmers Association

Southwest Council of Agribusiness

U.S. Apple Association

United Egg Producers

US Sweet Potato Council

USA Rice

Western Growers

Western Peanut Growers Association