

March 29, 2017

The Honorable Kevin Brady, Chairman  
House Committee on Ways & Means  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Richard Neal, Ranking Member  
House Committee on Ways & Means  
1139E Longworth House Office Building  
Washington, DC 20515

Dear Chairman Brady and Ranking Member Neal:

On behalf of our nation's family farmers and ranchers, we come together now to ask your support for including permanent repeal of the estate tax in any tax reform legislation moving through Congress this year. In addition, we ask your help to make sure that the benefits of repeal are not eroded by the elimination of or restrictions to the use of the stepped-up basis.

Family farmers and ranchers are not only the caretakers of our nation's rural lands but they are also small businesses. The estate tax is especially damaging to agriculture because we are a land-based, capital-intensive industry with few options for paying estate taxes when they come due. Unfortunately, all too often at the time of death, farming and ranching families are forced to sell off land, farm equipment, parts of the operation or take out loans to pay off tax liabilities and attorney's fees.

As you know, the American Taxpayer Relief Act of 2012 (ATRA) permanently extended the estate tax exemption level to \$5 million per person/\$10 million per couple indexed for inflation, and maintained stepped up basis. While we are grateful for the relief provided by the ATRA, the current state of our economy, combined with the uncertain nature of our business has left many agricultural producers guessing about their ability to plan for estate tax liabilities and unable to make prudent business decisions. Until the estate tax is fully repealed it will continue to threaten the economic viability of family farms and ranches, as well as the rural communities and businesses that agriculture supports.

In addition to full repeal of the estate tax, we believe it is equally as important for Congress to preserve policies which help keep farm businesses in-tact and families in agriculture. As such, tax reform must maintain stepped-up basis, which limits the amount of property value appreciation that is subject to capital gains taxes if the inherited assets are sold. Because farmland typically is held by one owner for several decades, setting the basis on the value of the farm on the date of the owner's death under stepped-up basis is an important tax provision for surviving family members.

U.S. farmers and ranchers understand and appreciate the role of taxes in maintaining and improving our nation; however, the most effective tax code is a fair one. For this reason, we

respectfully request that any tax reform legislation considered in Congress will strengthen the business climate for farm and ranch families while ensuring agricultural businesses can be passed to future generations.

Thank you for your continued efforts in support of our nation's agricultural producers. We look forward to working with you on this very important issue.

Respectfully,

Agricultural & Food Transporters Conference  
Agricultural Retailers Association  
American Farm Bureau Federation  
American Sheep Industry Association  
American Soybean Association  
American Sugarbeet Growers Association  
Livestock Marketing Association  
National Association of State Departments of Agriculture  
National Barley Growers Association  
National Cattlemen's Beef Association  
National Cotton Council  
National Council of Farmer Cooperatives  
National Milk Producers Federation  
National Peach Council  
National Pork Producers Council  
National Potato Council  
National Renderers Association  
National Sorghum Producers  
National Turkey Federation  
Panhandle Peanut Growers Association  
South East Dairy Farmers Association  
Southwest Council of Agribusiness  
U.S. Apple Association  
U.S. Canola Association  
U.S. Rice Producers Association  
U.S. Sweet Potato Council  
United Egg Producers  
United Fresh Produce Association  
USA Rice Federation  
Western Growers  
Western Peanut Growers Association  
Western United Dairymen