

March 16, 2021

The Honorable John Thune
U.S. Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Sanford Bishop
U.S. House of Representatives
2407 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Jason Smith
U.S. House of Representatives
2418 Rayburn House Office Building
Washington, D.C. 20515

Dear Senator Thune, Representative Bishop, and Representative Smith:

On behalf of our nation's farmers, ranchers, and family-owned agricultural operations we come together now to support your legislation H.R. 1712 or S. 617, the Death Tax Repeal Act, which would permanently repeal the estate tax. 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 Tax Cuts and Jobs Act (TCJA) temporarily doubled the estate tax exemption level to \$10 million per person/\$20 million per couple indexed for inflation and maintained stepped up basis. While we are grateful for the relief provided by the TCJA, its lack of permanency on key individual tax provisions combined with the current state of our economy, tremendous volatility across agricultural sectors and 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 Until the estate tax is fully repealed it will continue to threaten the economic viability of family farms and ranches, as well as the rural communities and businesses that agriculture supports.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, permanent repeal of the estate tax, we believe it is equally as important for Congress to preserve policies which help keep farm, ranch and other agricultural businesses intact and families in agriculture. As such, it is imperative to maintain the 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 agricultural land and other production assets are typically held by one owner for several decades, setting the basis on the value of those assets on the date of the owner's death under stepped-up basis is an important tax provision for surviving family members.

U.S. agricultural producers 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 support permanent repeal of estate taxes and the continuation of unlimited stepped-up basis. By taking these actions, Congress will strengthen the business climate for farm and ranch families while ensuring agricultural businesses can be passed on 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.

Sincerely,

Agricultural & Food Transporters
Conference of ATA
Agricultural Retailers Association
American Association of Crop Insurers
American Farm Bureau Federation
American Horse Council
American Sheep Industry Association
American Soybean Association
American Sugar Alliance
AmericanHort
Crop Insurance Professionals Association
Livestock Marketing Association
National Association of State Departments
of Agriculture
National Association of Wheat Growers
National Cattlemen's Beef Association
National Cotton Council
National Council of Farmer Cooperatives
National Grange

National Milk Producers Federation
National Onion Association
National Peach Council
National Pork Producers Council
National Potato Council
National Sorghum Producers
National Sunflower Association
National Turkey Federation
North American Renderers Association
Panhandle Peanut Growers Association
Public Lands Council
Southwest Council of Agribusiness
U.S. Apple Association
United Egg Producers
US Rice Producers Association
US Sweet Potato Council
USA Rice
Western Growers
Western Peanut Growers Association