

April 6, 2011

TO MEMBERS OF THE UNITED STATES SENATE:

As organizations representing interests in U.S. agriculture including farmers and ranchers, equipment manufacturers and dealers and their many thousands of employees, we urge you to cosponsor S. 700, introduced by Senators Amy Klobuchar (D-MN) and Jerry Moran (R-KS), to make the five-year depreciation schedule for agricultural equipment permanent.

In the Renewable Energy and Job Creation Act of 2008, Congress wisely and appropriately changed the depreciation schedule for agricultural equipment from seven to five years. However, the modified schedule and all of the benefits it provides to U.S. agriculture and manufacturing expired at the end of 2009. Additionally while an extension of this important provision was included in the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 it was removed in the final hour for arbitrary reasons.

This change in depreciation schedule makes the tax code more consistent since construction equipment, which has similar use patterns and life-span as agricultural equipment, is depreciated over five years. It also aids rural development, supports American manufacturing, improves farm safety and environmental stewardship. The U.S. Department of Agriculture's Farm Service Agency surveys show, on average, farmers and ranchers finance equipment for five years. Aligning depreciation and debt service increases farm income by over \$850 million in a typical year, helping farmers and ranchers cover their debt service and facilitate the replacement of worn-out machinery.

The U.S. is the world leader in agricultural equipment production directly and indirectly employing 250,000 workers. A five-year depreciation schedule will boost domestic demand helping keep these jobs here. Furthermore, today's equipment is fitted with the latest safety features to help prevent injury and loss of life, as well as technology employing emission controls, assisted steering and global positioning systems reducing air pollution and fertilizer runoff.

Thank you in advance for supporting this important tax initiative to benefit America's farmers, ranchers, dealers and manufacturers.

Sincerely,

American Farm Bureau Federation  
Associated Equipment Distributors  
Association of Equipment Manufacturers  
Farm Equipment Manufacturers Association  
National Association of Manufacturers  
National Association of Wheat Growers  
National Chicken Council  
National Cotton Council  
National Farmers Union  
National Potato Council  
North American Equipment Dealers Association  
Western Growers Association