

April 27, 2022

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 express our significant concerns with several provisions contained within the recently released Department of Treasury Greenbook, General Explanations of the Administration's Fiscal Year 2023 Revenue Proposals. Many of the proposals contained Greenbook would be detrimental to American agriculture and we urge you to oppose them.

Running a farm or ranch business is challenging under the best of circumstances. Agriculture operates in a world of uncertainty, even in the best of years – from unpredictable markets to fluctuating farm business costs, to weather disasters and disease outbreaks. While many businesses are still struggling to recover in the wake of the COVID-19 pandemic, it's reasonable to assert that the resiliency of American agriculture especially continues to be tested by a multitude of factors – from on-going supply chain disruptions caused by shortfalls in transportation and labor, to trade disputes, rising input prices, to record high inflation.

Statistics from USDA's recent Farm Sector Income Forecast are enlightening. While cash receipts from agricultural commodity sales are largely expected to increase in 2022, net farm income is still expected to decrease due to a rise in the cost of production expenses, coupled with dwindling pandemic-related disaster assistance payments. U.S. farm sector debt is projected to increase to a record \$467.4 billion. Nearly 67% of farm debt is in the form of real estate debt, which can largely be attributed to an increase in land values across the country. The value of the farm assets that are purchased via farm debt, including farmland, animals, machinery and vehicles and crops in inventory, is projected to reach \$3.31 trillion, \$42.2 billion higher than 2021. As inflation and inflation-related costs push agricultural producers further away from breakeven, many are increasingly concerned with how to make ends meet for the 2022 growing season and into 2023.

Sound federal tax policy has a tremendous impact on the viability of family-owned businesses, and now more than ever that is true for those in agriculture. To that end, as you consider future legislative initiatives in the 117th Congress, we respectfully request you reject the Greenbook's proposals and 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.

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, flora, 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.

Thank you for the work you do to ensure American agriculture remains able to provide food, fiber, flora and fuel for the world.

Sincerely,

American Farm Bureau Federation
National Cattlemen's Beef Association
National Peach Council
National Potato Council
National Milk Producers Federation
National Cotton Council
National Association of Wheat Growers
National Sorghum Producers
USA Rice
National Pork Producers Council
National Pecan Federation
National Corn Growers Association
American Soybean Association
U.S. Durum Growers Association
American Sheep Industry Association
AmericanHort
The National Grange
U.S. Peanut Federation
American Veterinary Medical Association
US Sweet Potato Council