

September 7, 2021

The Honorable Chuck Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi and Leaders Schumer, McCarthy and McConnell,

On behalf of Farm Bureau's nearly 6 million member families, I am writing you today deeply concerned about the reconciliation package that Congress will begin considering this month. The overall price tag, the proposed tax increases, and the limited ability for stakeholders to engage with lawmakers is troubling.

The federal government's budget for Fiscal Year 2021 is over \$4.8 trillion dollars. The partisan American Rescue Plan, passed on party-line votes in both chambers in March, spent \$1.9 trillion. The bipartisan Infrastructure Investment and Jobs Act, which passed the Senate and awaits a vote in the House, contains over \$500 billion in new spending. And now Congress is considering another massive partisan spending bill, this one set to be paid for by massive tax hikes on the farmers and ranchers who ensured our nation's food supply remained secure during the pandemic.

Many in Congress seem less eager to tax actual billionaires and more eager to tax hard-working, middle class Americans who can least afford the bill, whether through multiple changes proposed to the treatment of capital gains (capital gains imposed at death, capital gains treated as normal income, raising the top rate to 39.6%, etc.), the elimination of the 199A small business deduction for which 98% of farms and ranches are eligible, the proposal to cap deferral of gains from 1031 like-kind exchanges, or imposing a methane tax or a carbon border adjustment tax. Despite all claims to the contrary, these tax increases will have a disproportionate impact on American family farms, stifle economic growth and rural prosperity and could lead to further consolidation across the agricultural sector putting multi-generational family farms in jeopardy.

While Farm Bureau recognizes that there might be an opportunity to increase funding for voluntary, incentive-based climate and conservation programs, agricultural research and other important farm policy programs, this should be done in a transparent and bipartisan fashion. Impacts to existing farm bill programs could be profound if the proper process is not followed: Public hearings should be held to identify future challenges for the next farm bill. The agriculture industry and the committees of jurisdiction have held to a long tradition of bipartisanship. Farm

Bureau believes that widespread support and significant input from a variety of stakeholders strengthens any legislation.

Many of these proposals, if implemented, could set back American agriculture for generations to come. Our farmers and ranchers persevered through many years of low commodity prices and more recent market shifts and challenges to keep food on the shelves during the COVID-19 pandemic. As the country and economy begin to regain their footing, we should not undermine the long-term risk management tools agriculture depends on or raise taxes on the backs of the farmers and ranchers who grow the safe, sustainable food supply we all rely on.

Respectfully,

A handwritten signature in black ink, reading "Zippy Duvall". The signature is written in a cursive, flowing style with a large initial "Z".

Zippy Duvall
President

cc: Members of the House of Representatives
Members of the United States Senate