

November 18, 2014

Senator Harry Reid
Majority Leader
United States Senate
S-221, U.S. Capitol
Washington, DC 20510

Senator Mitch McConnell
Minority Leader
United States Senate
S-230, U.S. Capitol
Washington, DC 20510

The Honorable John Boehner
Speaker
U.S. House of Representatives
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
H-204, U.S. Capitol
Washington, DC 20515

Dear Senate Majority Leader Reid, Senate Minority Leader McConnell, Speaker Boehner, and House Minority Leader Pelosi:

We commend the efforts of the U.S. Senate and U.S. House of Representatives in your thoughtful approach to address expired tax policies (i.e. tax extenders) that are very important to farmers and ranchers. It is not our intent to represent a comprehensive statement on tax extenders; instead we offer our support and common sense advice as to why it is important for Congress to renew certain areas of the expired tax code with specific focus on Section 179 small business expensing and bonus depreciation.

As you probably know, agriculture requires large investments in machinery, equipment and other depreciable assets and because of this farmers and ranchers place great value on tax code provisions such as Section 179 small business expensing and bonus depreciation. Section 179 allows them to write off capital expenditures in the year that purchases are made rather than depreciate them over time. The ability to immediately expense capital purchases also provides an incentive for farmers and ranchers to invest in their businesses and offers the benefit of reducing the record keeping burden associated with the depreciation.

Section 179 small business expensing provides agricultural producers with a way to maximize business purchases in years when they have positive cash flow. Under the expired law the maximum amount that a small business can immediately expense when purchasing business assets instead of depreciating them over time is \$25,000 adjusted for inflation. We strongly encourage you to restore the maximum amount of expensing under Section 179 to \$500,000 as it was previously set in 2013. Furthermore, we strongly encourage you to reinstate the expired 50 percent bonus depreciation for the purchase of new capital assets, including agricultural equipment. We are concerned that the failure to renew these expired provisions of the tax code will place additional burdens on farm and ranch families who are asset-rich and cash-poor and already face an unpredictable tax code that encourages the breakup of multi-generational farm and ranch operations.

As farm and ranch organizations representing small businesses, we encourage the U.S. Senate and the U.S. House of Representatives to carefully consider the importance of including Section 179 Small Business Financing and bonus depreciation in a multi-year tax extenders package. Thank you for your consideration.

Sincerely,

Agricultural & Food Transporters Conference
Agricultural Retailers Association
American Farm Bureau Federation
American Mushroom Institute
American Sheep Industry Association
American Soybean Association
American Sugarbeet Growers Association
American Veterinary Medical Association
Association of Equipment Manufacturers
California Association of Winegrape Growers
Idaho Dairymen's Association
National Association of State Departments of Agriculture
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Beef Association
National Corn Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Milk Producers Federation
National Peach Council
National Potato Council
National Pork Producers Council
National Renderers Association
National Rural Electric Cooperatives Association
National Sorghum Producers
National Sunflower Association
National Turkey Federation
Oregon Association of Nurseries
Professional Rodeo Cowboys Association
Public Lands Council
South East Dairy Farmers Association
Southwest Council of Agribusiness
United Egg Producers
United Fresh Produce Association
US Canola Association
US Dry Bean Council
US Rice Producers Association
USA Dry Pea & Lentil Council
USA Rice Federation

Western Growers Association
Western Peanut Growers Association
Western United Dairymen

Cc: Senator Ron Wyden, Chairman, U.S. Senate Committee on Finance
Senator Orrin Hatch, Ranking Member, U.S. Senate Committee on Finance
Honorable Dave Camp, Chairman, U.S. House Committee on Ways and Means
Honorable Sander Levin, Ranking Member, U.S. House Committee on Ways and Means