

May 31, 2017

The Honorable Kevin Brady, Chairman  
House Committee on Ways & Means  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Richard Neal, Ranking Member  
House Committee on Ways & Means  
1139E Longworth House Office Building  
Washington, DC 20515

Dear Chairman Brady and Ranking Member Neal:

America's farmers and ranchers rely on various tax code provisions to survive the constant financial and economic ups and downs that come with farming and ranching. The undersigned agricultural groups ask for your robust support of these critical provisions that ensure their long-term financial well-being.

Cash accounting allows farmers and ranchers to improve cash flow by recognizing income when it is received and recording expenses when they are paid. This provides the flexibility needed to plan for future business investments and in many cases provides guaranteed availability of agricultural inputs. Loss of cash accounting would create a situation where a farmer or rancher would have to pay taxes on income before receiving payment for sold commodities.

Like-kind exchanges help farmers and ranchers operate more efficient businesses by allowing them to defer taxes when they sell land, buildings, equipment, and livestock or purchase replacement property. Without like-kind exchanges some farmers and ranchers would need to incur debt in order to continue their farm or ranch businesses or, worse yet, delay mandatory improvements to maintain the financial viability of their farm or ranch business.

Farm and ranch businesses operate in a constant world of uncertainty with ongoing expenses and a fluctuating income. Income averaging, which permits revenue to be averaged over three years, allows farmers and ranchers to level out their tax liability and produces a more dependable and consistent revenue stream that aids financial management.

As Congress moves forward with its tax reform proposals and debate, we urge your support for these important tax provisions. Thank you for your continued efforts to support our nation's farmers and ranchers whose work allows us to enjoy the safest, most abundant and affordable food supply in the world. We look forward to working with you on these important issues.

Sincerely,

Agricultural Retailers Association  
American Mushroom Institute

American Sheep Industry Association  
American Soybean Association  
American Sugarbeet Growers Association  
Cobank  
National Barley Growers Association  
National Cattlemen's Beef Association  
National Corn Growers Association  
National Cotton Council  
National Council of Farmer Cooperatives  
National Peach Council  
National Pork Producers Council  
National Potato Council  
National Renderers Association  
National Sorghum Producers  
Panhandle Peanut Growers Association  
Southwest Council of Agribusiness  
United Egg Producers  
U.S. Apple Association  
U.S. Canola Association  
U.S. Rice Producers Association  
U.S. Sweet Potato Council  
USA Rice Federation  
Western Growers Association  
Western Peanut Growers Association