

July 20, 2015

The Honorable Orrin G. Hatch (R-UT)
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Bldg.
Washington, DC 20510

The Honorable Ron Wyden (D-OR)
Ranking Member
Committee on Finance
United States Senate
219 Dirksen Senate Office Bldg.
Washington, DC 20510

Dear Chairman Hatch and Ranking Member Wyden:

We commend the efforts of the U.S. Senate 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 2014. 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 to carefully consider the importance of including Section 179 small business expensing 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
Livestock Marketing Association
National All-Jersey Inc.
National Association of State Departments of Agriculture
National Association of Wheat Growers
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 Pork Producers Council
National Potato Council
National Renderers Association
National Sorghum Producers
National Turkey Federation
Professional Rodeo Cowboys Association
Public Lands Council
Southwest Council of Agribusiness
U.S. Apple Association
United Egg Producers
United Fresh Produce Association
US Sweet Potato Council
USA Rice Federation
Western Growers Association
Western Peanut Growers Association