

February 10, 2015

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 Speaker Boehner and Minority Leader Pelosi:

We commend the efforts of the U.S. House of Representatives in your thoughtful approach to provide greater certainty to tax code provisions that are very important to farmers and ranchers. We offer our support and common sense advice as to why it is important for Congress to make permanent Section 179 small business expensing.

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. 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 for 2014. We are concerned that the failure to make permanent Section 179 expensing 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. House of Representatives to approve legislation that makes permanent Section 179 of the tax code. 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
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 Pork Producers Council
National Potato Council
National Renderers Association
National Sorghum Producers
National Sunflower Association
National Turkey Federation
Professional Rodeo Cowboys Association
Public Lands Council
United Egg Producers
United Fresh Produce Association
US Apple Association
US Canola Association
US Dry Bean Council
USA Dry Pea & Lentil Council
USA Rice Federation
Western Growers Association

Cc:

Honorable Paul Ryan, Chairman, U.S. House Committee on Ways and Means
Honorable Sander Levin, Ranking Member, U.S. House Committee on Ways and Means