

Congress of the United States

Washington, D. C. 20515

April 8, 2021

President Joseph Biden
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Biden:

We write today to urge you to consider the insurmountable impact your proposed increase in capital gains tax and removal of the stepped-up basis would have on our agriculture community, specifically, family farms.

Farming is a high-stress occupation paired with a high degree of financial risk uniquely inherent to the industry. Due to the ever-changing nature of the agriculture industry, farmers and ranchers must have maximum financial flexibility to modify their businesses and long-term plans to remain responsive to fluid markets, unexpected weather, or even global pandemics. Increasing the capital gains tax on the sale of buildings, livestock, and farmland make it extremely difficult for producers to adapt, upgrade, and ultimately pass along their operations to future generations of farmers.

While the long-term capital gains rate has historically been structured based on the idea that lower rates will foster investment in industries that create jobs, it is crucial that you consider the devastating nature of your proposed changes to an industry that literally feeds our nation and the world. Production agriculture requires significant long-term investments in land and infrastructure, and this tax increase will have a disproportionate impact on the farm and ranch community. According to the American Farm Bureau Federation, nearly 40 percent of farm families reported some capital gains or losses in 2018, compared to just 14 percent of average individual taxpayers¹. With real estate and property representing 82 percent of all farm or ranch assets in 2020, an increase in the rate at which capital gains are taxed will stunt new farm growth, reduce family-farm transfers, and expedite consolidation in the agriculture industry.

Our agriculture community is integral to the health and economic success of our nation. An increase in capital gains tax and removal of the step-up basis would make it extremely difficult for families to keep their farms, and for new farmers to join the agriculture industry.

In order to support family farms and the success of our agriculture community, we ask that you reconsider your plan to increase the capital gains tax and support the continuation of a stepped-up basis. After we have relied so heavily on them, now our farmers are relying on policies that support them.

Sincerely,

¹ <https://www.fb.org/issues/tax-reform/capital-gains-taxes-and-stepped-up-basis/>



Tom Emmer
Member of Congress



Pete Stauber
Member of Congress



Jim Hagedorn
Member of Congress



Michelle Fischbach
Member of Congress