NATIONAL COUNCIL OF FARMER COOPERATIVES

Government Affairs Committee Meeting

November 10 - 12, 2024

Government Affairs Committee
The Broadmoor
Colorado Springs, CO
November 10-12, 2024

OVERVIEW AGENDA

November 10th

All Day	**Arrival and Check-in**	
5:30 pm	**Welcome Reception** *Pompeiian Room*	

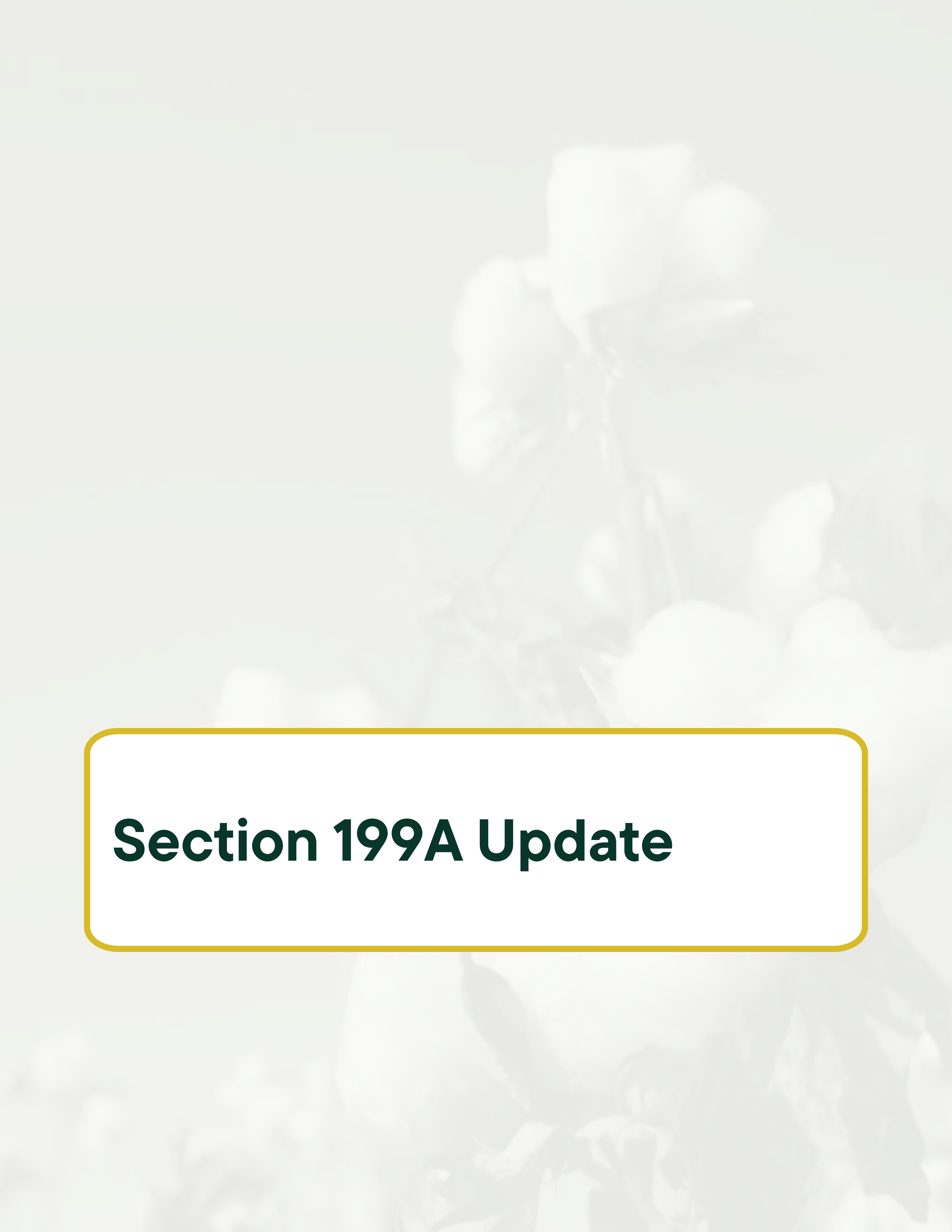
November 11th

8:00 am	**Breakfast** *Pompeiian Room*	
8:30 am to **4:30 pm**	**Meeting Session I** *Main Ballroom*	
8:30 am	*What just happened?*	
	Guest Speaker:	*Matt Lewis* *Senior Columnist for the Daily Beast*
9:30 am	*Preparing for the 2025 Tax Debate*	
	Special Guests:	*Aaliyah Nedd* *Director of Government Relations* *National Cooperative Business Association*
		Dustin Sherer *Director of Government Affairs* *American Farm Bureau Federation*
		Jake Triolo *Partner* *Capitol Tax Partners*
		Melissa Mueller *Partner* *Capitol Tax Partners*
		Paul Bleiberg *Executive Vice President* *National Milk Producers Federation*

10:45 am	*Break*	
11:00 am	*Antitrust Focus – What to expect from the new Administration*	
	Guest Speaker:	*Karla Thieman* *Senior Vice President of Public Policy and Government Affairs* *JBS USA*
12:00 pm	*Networking Lunch* *Pompeiian Room*	
1:30 pm	*Labor & Immigration – Anticipated Areas of Focus*	
	Speaker:	*Mary Armstrong* *Director of Government Affairs* *National Council of Farmer Cooperatives*
2:30 pm	*Break*	
3:00 pm	*Continued Evolution of NCFC Meetings* • *Public Policy Conference Topics and Program* • *Washington Conference Revamp* • *Fall Meeting Efficiencies*	
4:00 pm	*Committee Structure & Elections*	
4:15 pm	*NCFC CO-OP/PAC – Planning for 2025-2026 Cycle*	
4:30 pm	**Adjourn**	
5:00 pm	**Meet in the Lobby to Depart for the Zoo**	
5:30 pm	**Cheyenne Mountain Zoo** *4250 Cheyenne Mountain Zoo Road*	
5:30 pm	*Giraffe Feeding*	
6:15 pm	*Reception & Dinner*	

November 12th

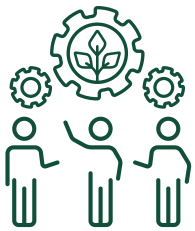
8:30 am	**Breakfast** *Pompeiian Room*	
9:00 am to **11:30 am**	**Meeting Session II** *Main Ballroom*	
9:00 am	*The Future of U.S. Trade Policy: Implications for Businesses*	
	Guest Speaker:	*Tiffany Smith* *Vice President* *National Foreign Trade Council*
9:45 am	*Economy Outlook & Implications for Agriculture*	
	Guest Speakers:	*Kiran Kini* *Treasurer* *CoBank* *Rob Fox* *Director of Knowledge Exchange* *CoBank*
10:45 am	*Prepare NCFC Priorities & Policy Resolutions for 2025*	
11:30 am	**Adjourn & Lunch** *Pompeiian Room*	



Section 199A Update

MAKE SECTION 199A PERMANENT

It makes no sense to allow Section 199A to expire and raise taxes on farmers.



WHAT IS A FARMER CO-OP?

A business owned and controlled by farmers to help them mitigate risk and remain competitive in a volatile market.

WHAT IS SECTION 199A?

A tax deduction that applies to proceeds from agricultural goods produced and/or marketed by farmer cooperatives, and is most commonly passed down to the individual farmers. The deduction benefits the economy through job creation, increased spending on agricultural production, and increased investment in rural communities.

SECTION 199A DEDUCTION

Co-ops pass 95% of the deductions from Section 199A directly back to farmers who reinvest it into their farms and rural communities.

200,000
U.S. Jobs

$13.3 BILLION
in wages

$2 BILLION
to rural communities in all 50 states

CONGRESS: SAVE THE SECTION 199A DEDUCTION. AMERICA'S FARM FAMILIES ARE COUNTING ON IT.

NCFC
NATIONAL COUNCIL OF FARMER COOPERATIVES

Since 1929, NCFC has been the voice of America's farmer cooperatives. Our members are regional and national farmer cooperatives, which in turn consist of more than 1,600 local farmer cooperatives across the country. NCFC members also include state and regional councils of cooperatives. Farmer cooperatives allow individual farmers the ability to own and lead organizations that are essential for continued competitiveness in both the domestic and international markets.

America's farmer-owned cooperatives provide a comprehensive array of services for their members. These diverse organizations handle, process and market virtually every type of agricultural commodity. They also provide farmers with access to infrastructure necessary to manufacture, distribute and sell a variety of farm inputs. Additionally, they provide credit and related financial services, including export financing.

Learn more at www.ncfc.org.

NATIONAL COUNCIL OF FARMER COOPERATIVES

Section 199A: Putting Main Street First & Bringing Jobs to Rural America

Section 199A puts co-ops and small businesses on even footing with big corporations.

- These tax provisions have ensured that small businesses and co-ops received similar benefits to large, multinational companies that saw the corporate tax rate reduced, permanently, in 2017. They have worked to strengthen American businesses, to create jobs, and to boost local economies.
- It has been a success and was critical in seeing farmer co-ops and their members thrive through a pandemic, unrest around the globe, and the highest inflation in a generation.
- Farmers face risks very few industries encounter. Investing in America's farming families and communities is smart economic policy. Extending these tax provisions will remove an important piece of uncertainty as producers start planning future investment.
- Co-ops pass 95% back to the farmer, who reinvests it into their operations. That benefits the economy through job creation, increased spending on ag production, and investment in rural communities. Among NCFC members alone, $2 billion was returned to farmers in 2022.

For more than 100 years, farmer owned co-ops have given individual farmers a fair chance to compete.

- Farmer co-ops act as bargaining agents, provide market intelligence; and help farmer members engage in value added processing.
- Farmer co-ops provide members with all the tools necessary to run a successful farming operation – including credit, financing, feed, seed, fertilizer, fuel and other crop production products.
- Farmer co-ops allow individual farmers to truly participate in the food and fiber system, all the way from the farm to retail – some of the most innovative products and recognizable brands on grocery store shelves are co-op creations.

The benefits of farmer co-ops go well beyond the farm gate, directly supporting rural America.

- Farmer co-ops provide over 250,000 jobs, with a total payroll of more than $8 billion.
- Total profits for farmer cooperatives in 2022 were $12.1 billion; this money is either returned to farmer members or reinvested into the co-op, benefiting the co-op members, and further bolstering local communities.
- Farmer co-ops are important members of their communities doing everything from sponsoring the local little league team to helping rebuild after natural disasters.

Farmer co-ops provide strength in numbers.

- Farmer co-ops are made up of dozens, hundreds, or even thousands of individual farmers, who alone have no market power, but *working together* are able to compete.
- Farmer co-ops preserve family operations and help individual farmers succeed in the global marketplace.
- On average, farmers who belong to a supply co-op earn approximately $5500 more per year.
- Co-ops help farmers pool their risks and better manage agriculture's inherent volatility.
- Farmer co-ops preserve competition in the marketplace, which ensures the fairest price possible to consumers.

Farmer-owned Cooperatives & Section 199A
Frequently Asked Questions

Q: What is a farmer-owned cooperative?
A: The simple definition of a farmer cooperative is a business owned by farmers, controlled by farmer-elected boards and existing for the benefit of its farmer-members. But that single sentence doesn't fully capture how integral a cooperative is to the farming operations of its members, operations that are millions of small businesses across rural America. Farmer co-ops are a proven tool to help individual family farmers and ranchers through the ups and downs of weather, commodity markets, and technological change. Through their local co-ops, farmers and ranchers pool their resources to strengthen their individual bargaining power, better manage risks, and improve their income from the marketplace, allowing farmers to compete globally in a way that would be impossible as an individual producer.

Q: What do farmer cooperatives do?
A: America's farmer-owned cooperatives provide a comprehensive array of services for their members. These diverse organizations handle, process and market virtually every type of agricultural commodity. They also provide farmers with access to the infrastructure necessary to manufacture, distribute and sell a variety of farm inputs. Additionally, they provide credit and related financial services, including export financing.

Q: Why do we need co-ops?
A: Cooperatives are formed to extend the business operations of their farmer-owners into areas that would be difficult for individuals to carry out alone — activities like building and operating processing plants, establishing and marketing well-known consumer brands, and purchasing supplies in quantities large enough to obtain significant volume discounts. Farmer cooperatives provide their farmer patrons with economies of scale and value-added services. A marketing cooperative can command a better market price for the bulk sale of all its patrons' produce than each individual farmer could command alone. They also process their patrons' commodities into consumer products (milk into butter, fruit into juice, etc.). A supply cooperative guarantees its members a source of needed agricultural inputs and can reduce the input costs of farm supplies (e.g., seed, fertilizer, and fuel) for its patrons by buying or producing in bulk. A farmer may have 40 acres of oranges or 4,000 acres of soybeans, but as a member of a cooperative, they are able to accomplish things that no individual farmer could do on their own.

Q: What is patronage?
A: Profits of the co-op are returned to the farmer members, usually in the form of a patronage dividend, in proportion to the amount that each individual patron transacted with the cooperative. In this way, the cooperative is the alter ego of its farmer patrons, and the farmers and their cooperative should be viewed as an economic unit. This contrasts with other forms of business, in which profits are returned in proportion to equity ownership interests.

Q: How are farmer co-ops taxed?
A: A farmer cooperative is a corporation subject to the corporate tax on its income. In computing its taxable income, a cooperative is allowed a deduction for amounts distributed to patrons as dividends. The patrons include such amounts in income as ordinary income subject to the normal tax rates (i.e., the reduced rates applicable to dividends and capital gains do not apply). This system of taxation is contained in subchapter T of the Internal Revenue Code. This tax treatment underscores the relationship of the cooperative and its farmer members as a single economic unit. Patronage income is taxed once. The income is either retained and taxed at the cooperative at regular corporate rates or is distributed to the patrons and taxed at their individual rates.

Q: What is Section 199A?
A: Section 199A was passed to put co-ops and small businesses on an even footing with big corporations who saw a significant decrease in their tax rate in 2017. It has been a success and was critical in seeing farmer co-ops and their members thrive through a pandemic, unrest around the globe, and the highest inflation in a generation. It provides a replacement for prior-law Section 199 for cooperatives and their members.

Q: What does Section 199A do?
A: It provides a tax deduction generally equal to 20% of net income for all forms of businesses except C corporations. Because C corporations received a 40% rate cut – from a top rate of 35% to a top rate of 21%, Congress recognized that other forms of business should receive tax relief. The 199A deduction applies to sole proprietorships, partnerships, S corporations, LLCs, etc. The deduction is subject to a number of adjustments described below and phases out for taxpayers with earnings in excess of $315,000 married filing jointly.

Q: How does Section 199A apply to farmer cooperatives?
A: The calculation is the same as it was under prior-law Section 199 – it is 9% of the co-op's qualified production activities income (QPAI). The deduction is limited to 50% of the co-op's wages for the year and may not exceed the co-op's taxable income for the year. The co-op may choose to keep all or part of the deduction at the co-op level to offset tax liabilities or it may be passed through to their members.

Q: How much do farmer co-ops pass through to their members?
A: Co-ops pass 95% back to farmers, who reinvest it in their operations. The deduction benefits the economy through job creation, increased spending on ag production, and investment in rural communities. Among NCFC members alone, $2 billion was returned to farmers in 2022.

Q: Is Section 199A permanent?
A: Section 199A, including provisions related to farmer co-ops, expires with respect to taxable years beginning after 2025. The corporate tax rate reduction was made permanent in 2017. The Section 199A deduction should also be made permanent to keep the competitive balance between corporate and noncorporate businesses.

NCFC
NATIONAL COUNCIL OF FARMER COOPERATIVES

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Submitted electronically to: RepublicanTaxTeams@mail.house.gov.

October 8, 2024

The Honorable Lloyd Smucker
Chairman, Main Street Tax Team
Committee on Ways & Means
United States House of Representatives
302 Cannon House Office Building
Washington, DC 20515

Dear Congressman Smucker:

The National Council of Farmer Cooperatives (NCFC) applauds the committee for its work to prepare for the upcoming tax debate in 2025. Our comments below are intended to be educational regarding the structure and function of farmer-owned cooperatives, with a particular focus on the value of the Section 199A deduction to our members.

Since 1929, NCFC has been the voice of America's farmer cooperatives. Our members are regional and national farmer cooperatives, which are in turn comprised of nearly 2,000 local farmer cooperatives across the country. NCFC members also include 26 state and regional councils of cooperatives.

Today, farmer co-ops across the country have over $300 billion in annual sales. They represent 1.8 million farmer members and provide over 200,000 jobs with a payroll of over $8 billion. Farmer co-ops are important members of their communities doing everything from sponsoring the local Little League team to helping rebuild after natural disasters.

What is a farmer cooperative?

The simple definition of a farmer cooperative is a business owned by farmers, controlled by farmer-elected boards, and existing for the benefit of its farmer members. But that single sentence does not fully capture how integral a cooperative is to the farming operations of its members, operations that are millions of small businesses across rural America.

America's farmer-owned cooperatives provide a comprehensive array of services for their members. These diverse organizations handle, process, and market virtually every type of agricultural commodity. They also provide farmers with access to the infrastructure necessary to manufacture, distribute, and sell a variety of farm inputs. Additionally, they provide credit and related financial services, including export financing.

Co-ops act as bargaining agents, provide market intelligence, and help farmer-members engage in value-added processing. For example, co-ops are often formed to extend the business operations of their farmer-owners into areas that would be difficult for individuals to carry out alone — activities like building and operating processing plants, establishing and marketing well-known consumer brands, and purchasing supplies in quantities large enough to obtain significant volume discounts. They provide their farmer-members with all the tools necessary to run a successful farming operation – including credit, financing, feed, seed, fertilizer, fuel, and other crop production products. They also process their patrons' commodities into consumer products (milk into butter, fruit into juice, soybeans into biodiesel, etc.).

There are different types of co-ops serving different purposes—supply co-ops, marketing co-ops, bargaining co-ops, and the farm credit system. A marketing cooperative, for example, can command a better market price for the bulk sale of all its patrons' produce than each individual farmer could command alone. A supply cooperative guarantees its members a source of needed agricultural inputs and can reduce the input costs of farm supplies for its patrons by buying or producing in bulk. In fact, farmers who belong to a supply co-op on average earn approximately $5500 more per year than those who do not.

A farmer may have 40 acres of oranges or 4,000 acres of soybeans, but as a member of a cooperative, they can accomplish things that no individual farmer could do on their own. Co-ops allow individual farmers to truly participate in the food and fiber system, all the way from the farm to retail. Some of the most innovative products and recognizable brands on grocery store shelves are co-op creations.

The benefits of farmer co-ops go well beyond the farm gate, directly supporting rural America. The profits of the co-op are returned to the farmer members, in the form of a patronage dividend, in proportion to the amount that each farmer has transacted with the cooperative. This contrasts with other forms of business, in which profits are returned in proportion to equity ownership interests.

Total profits for farmer cooperatives in 2022 were $12.5 billion; this money was either returned to farmer members or reinvested into the co-op, benefiting the co-op members, and further bolstering local communities.

Taxation of Cooperatives

A farmer co-op is a corporation subject to the corporate tax on its income. In computing its taxable income, a cooperative is allowed a deduction for amounts distributed to its members in the form of patronage. The farmer then includes this as ordinary income subject to the normal individual tax rates (i.e., the reduced rates applicable to dividends and capital gains do not apply).

Simply put, patronage income is taxed once. The income is either retained and taxed at the cooperative at regular corporate rates or is distributed to the patrons and taxed at their individual rates. This system of taxation is contained in subchapter T of the Internal Revenue Code and was first codified in 1962 to reflect the practices that had existed since the beginning of the federal income tax.

Section 199A

Section 199A was passed to put co-ops and small businesses on an even footing with big corporations which saw a significant decrease in their tax rate in 2017. The purpose of the co-op provisions contained within Section 199A(g) is to provide a replacement for prior-law Section 199 for cooperatives and their members. In enacting Section 199A(g), Congress made clear its intent that it should operate in the same manner as former Section 199.

The calculation is the same as it was under prior law Section 199 – it is 9% of the co-op's qualified production activities income (QPAI). The deduction is limited to 50% of the co-op's wages for the year and may not exceed the co-op's taxable income for the year. This is an important point as an individual farmer may not have the wages to calculate much of a deduction. Through the co-op, they can better take advantage of the deduction.

The co-op may choose to keep all or part of the deduction at the co-op level to offset tax liabilities, or it may be passed through to their members.

Co-ops pass 95% back to farmers, who reinvest it into their operations, benefiting the economy through job creation, increased spending on ag production, and investment in rural communities. Among NCFC members alone, $2 billion was returned to farmers in 2022. Additional information by state is available on our website.

Section 199A, including provisions related to farmer co-ops, expires at the end of 2025. The reduced corporate tax rate reduction was made permanent in 2017.

The Section 199A deduction should be made permanent to keep the competitive balance between corporate and noncorporate businesses. We are asking Congress to save the Section 199A deduction because America's farm families are counting on it.

We stand ready to serve as a resource to you as the tax debate gets underway and are available to answer any questions you may have.

Sincerely,

Charles F. Conner
President & CEO

Rep. Lloyd Smucker
Chairman, Main Street Tax Team
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Rep. Greg Steube
Vice Chairman, Main Street Tax Team
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Rep. Vern Buchanan
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Rep. Adrian Smith
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Rep. Jodey Arrington
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Rep. Beth Van Duyne
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Chairman Smucker and Members of the Main Street Tax Team,

We write to highlight the critical importance of several business tax provisions that significantly impact farmers, ranchers, landowners and other agricultural businesses across the United States. These provisions, which are not an exhaustive list and are not presented in any priority order, enable these agricultural operations to invest in their futures, maintain competitiveness, and contribute to the nation's food security and economic stability.

We urge you to consider the following key provisions:

1. **Maintaining Stepped-Up Basis:** Stepped-up basis is critically important to family-owned farms and ranches because it can significantly reduce the potential estate tax burden that may arise when the family passes on the property to the next generation. When a property owner passes away, the basis (or original purchase price) of the property is "stepped up" to the current market value at the time of their death, rather than being based on the original purchase price. This is beneficial because if heirs must sell the property, they only pay capital gains tax on the difference between the sale price and the stepped-up value, not on the difference between the original purchase price and the sale price.

   Family farms and ranches are often passed down through generations and can appreciate substantially in value over time. The original owners may have purchased the land decades or even generations ago at a relatively low price compared to its current market value. Without the stepped-up basis, heirs would inherit the property with the original lower basis. If the property were sold immediately, they would be liable for paying capital gains taxes on the large increase in value that has accrued over time.

And for many family farms or ranches that have appreciated in value over generations, the combined value of the land, buildings, and equipment can exceed this threshold, triggering estate tax liability. Without a stepped-up basis, the heirs would face both the estate tax (on the value of the farm at the time of death) and possibly a large capital gains tax if they sell the property soon after inheriting it.

If the property receives a stepped-up basis at the time of the owner's death, the heirs' new basis will be the current market value of the land. If they sell the property shortly after inheriting it, they can sell it at or near this value with little or no capital gains tax owed, even though the farm's value may have increased substantially over the years. This makes it much easier for heirs to retain and continue operating the farm or ranch without having to sell it off to pay estate taxes or capital gains taxes.

Without the stepped-up basis, heirs may be forced to sell part or all of the family farm or ranch to cover the estate tax bill, even if they want to keep the operation going. Stepped-up basis alleviates this pressure, allowing the family to continue operating the farm or ranch across generations, which is particularly important for rural communities.

The stepped-up basis provision helps to reduce the combined impact of estate taxes and capital gains taxes on family-owned farms and ranches, allowing them to remain in the family without the need for forced sales to cover tax liabilities.

2. **Estate Tax Relief**: The estate tax is overly burdensome on families trying to pass their farm or ranch to the next generation. While many of the undersigned groups believe it should be repealed in its entirety, we all share concern any reduction to the current enhanced exemption level will be detrimental for families looking to pass their land, farms and ranches to the next generation. The higher exemption threshold alleviates the tax burden that often forces the selling of all or parts of family farms to pay the tax bill. At a minimum, keeping the current enhanced threshold will ensure continuity of operations and preserve the agricultural heritage that is vital to our communities.

3. **Making the Lower Individual Tax Rates and Expanded Tax Brackets Permanent**: Many agricultural businesses operate as pass-through entities, meaning their profits are taxed at individual rates. The lower individual rates and expanded brackets contained in the Tax Cuts and Jobs Act are vital for farmers and ranchers, allowing them to retain more income to reinvest in their operations and meet rising production costs.

4. **Making 199A Qualified Business Income Deduction Permanent**: The 199A deduction allows agricultural producers to retain a portion of their income, promoting reinvestment in equipment, labor, land, and sustainable practices. This provision helps level the playing field for family farms against larger agribusinesses and the lower corporate tax rate, ensuring that these vital operations can continue to thrive and support local economies. This provision also benefits farmer cooperatives. According to the National Council of

Farmer Cooperatives, its members returned more than $2 billion back to farmers in 2022 thanks to the 199A deduction.

5. **Maintaining Section 179 Expensing**: This provision allows for the immediate expensing of qualifying capital investments, up to a limit and with certain income requirements. This provision provides flexibility to farmers in how they choose to expense and depreciate their capital investments. This is especially important in agriculture, where investments in machinery and technology can be substantial. By enabling farmers to deduct these costs in the year equipment is placed in service, Section 179 encourages investment, enhances productivity, and promotes innovation in the agricultural sector.

6. **Restoring 100% Bonus Depreciation**: The availability of 100% bonus depreciation has significantly benefited agricultural producers, enabling essential investments in equipment and infrastructure without the burden of delayed tax benefits. This provision not only stimulates growth but also enhances agriculture efficiency, allowing farmers to adopt the latest technologies and practices.

7. **Maintaining 1031 Like-Kind Exchanges**: Like-kind exchanges are a vital tool for agricultural businesses looking to reinvest in property without incurring immediate tax liabilities. Maintaining this provision allows farmers and ranchers to swap properties while deferring capital gains taxes, providing them the flexibility to adapt to changing market conditions, urban sprawl or environmental issues.

8. **Maintaining the 20% Capital Gains Rate**: Agriculture is a capital-intensive industry, which makes keeping the cost of capital low extremely important. A lower capital gains rate encourages reinvestment in agriculture operations, rewarding those who take risks to innovate and grow. Preserving the 20% capital gains rate will help ensure the financial viability of our agricultural supply chain.

Once again, this is not an exhaustive list of tax policies that benefit certain sectors of the agriculture supply chain. Many have tax policy priorities that are not as widely applicable to members of the Tax Aggies Coalition as the above provisions, such as the corporate tax rate, R&D expensing, and biofuels tax credits. We expect you will hear more on those provisions from individual businesses and organizations.

In conclusion, the above-numbered tax provisions are essential for the survival and growth of agricultural businesses across the United States. They support individual farmers, ranchers, and landowners while contributing to the stability of our food supply chain and rural economies. As you consider the future of these provisions, we strongly urge you to recognize their vital role in sustaining agriculture in our nation.

Thank you for your attention to this important matter. We appreciate your commitment to supporting the agricultural community and ensuring its continued success.

Sincerely,

American Farm Bureau Federation
Agricultural and Food Transporters Conference of ATA
Agricultural Retailers Association
AmericanHort
American Mushroom
American Soybean Association
American Sugarbeet Growers Association
American Sugar Alliance
American Sugar Cane League
American Veterinary Medical Association
California Association of Winegrape Growers
Farm Credit Council
Forest Landowners Association
International Fresh Produce Association
Livestock Marketing Association
Midwest Council on 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 Grange
National Milk Producers Federation
National Peach Council
National Pecan Federation
National Pork Producers Council
National Potato Council
National Sunflower Association
National Sorghum Producers
National Turkey Federation
Public Lands Council
Southwest Council of Agribusiness
United Egg Producers
U.S Canola Association
U.S. Peanut Federation
US Rice Producers Association
US Sweet Potato Council
USA Dry Pea & Lentil Council

National Milk Producers Federation
Written Comments for House Ways and Means Committee
Rural America Tax Team Staff Roundtable
Thursday, September 12

The National Milk Producers Federation (NMPF) is grateful for the opportunity to submit comments to the House Ways and Means Committee's Rural American Tax Team to help inform committee deliberations on 2025 tax legislation.

NMPF, based in Arlington, VA, develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF's cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of dairy producers on Capitol Hill and with government agencies. Dairy cooperatives bring farmers together to market their milk and further the overall economic well-being of the cooperative's farmer-owners. Cooperatives are owned and democratically governed by their farmer-members who share in the cooperative's earnings and expenses. While some dairy cooperatives only market milk, others also own and operate dairy product manufacturing plants. Farmer-owned dairy cooperatives handle about 85 percent of U.S. milk. Ultimately, cooperatives provide the best, and sometimes only way, for a dairy farmer to get their products to market and earn a decent return.

NMPF strongly supports the Section 199A tax deduction, which was created in the Tax Cuts and Jobs Act (TCJA) of 2017 and revised in the Consolidated Appropriations Act of 2018 to ensure that agricultural cooperatives receive similar tax relief as the businesses that benefited from the TCJA's corporate tax rate reduction. Section 199A provides a tax deduction roughly equal to 20% of net income for all forms of businesses except C corporations. TCJA reduced the corporate tax rate from 35% to 21%, so Congress recognized that other forms of business – including cooperatives – should also have an equitable tax reduction. Section 199A also applies to sole proprietorships, partnerships, S corporations, and LLCs. The deduction's calculation is 9% of the cooperative's income from business activities. It is limited to 50% of the cooperative's wages for the year and may not exceed the cooperative's taxable income for the year. The cooperative may keep all or part of the deduction at the cooperative level to offset tax liabilities and invest in facilities or processing or it may be passed through to their members. Overall, cooperatives pass 95% of the proceeds back to farmers, who reinvest it in their operations.

As Congress prepares to move tax legislation in 2025, NMPF supports making Section 199A permanent. The deduction sunsets following the 2025 tax year, but the corporate tax rate cut was made permanent in 2017. NMPF believes it is important to maintain the competitive balance between corporate and noncorporate businesses. The Main Street Tax Certainty Act (H.R. 4721), introduced by Rep. Lloyd Smucker (R-PA), would permanently extend Section 199A. This provision helped farmer cooperatives and their owners navigate through a global pandemic, geopolitical conflict, supply chain problems, and record inflation. Allowing Section 199A to expire will raise taxes on agricultural cooperatives and their farmer-owners, but extending Section 199A will remove a critical piece of uncertainty for farmers given the unique challenges they face in trying to feed the world year in and year out.

NMPF POC: Paul Bleiberg, pbleiberg@nmpf.org, 571-302-6764

WHAT IS A FARMER CO-OP?

ON THE MOST BASIC LEVEL, THE DEFINITION IS PRETTY STRAIGHTFORWARD—
A FARMER CO-OP IS A BUSINESS FOUNDED BY FARMERS AND OWNED BY FARMERS.

WHEN A CO-OP IS DOING WELL, IT DIRECTLY BENEFITS ITS FARMERS.
EACH FARMER-OWNER RECEIVES A SHARE OF THE CO-OP'S EARNINGS.

CO-OPS BRING TOGETHER INDIVIDUAL FARMERS GIVING THEM A CHANCE TO WORK COLLECTIVELY AND ACCOMPLISH WHAT THEY CANNOT DO ON THEIR OWN.

SUPPLY CO-OPS

This type of co-op sells just about anything a farmer needs to grow crops or take care of animals. Those supplies include things like feed, seed, fertilizer, fuel and even services. By combining buying power, individual farmers of all sizes can have a dependable supply of inputs at competitive prices.

MARKETING CO-OPS

These co-ops take what their members grow and sell it. Even within marketing co-ops, there's diversity—some simply buy and sell bulk commodities, like corn or soybeans, while others will process what they buy from their members into products that you can buy in the grocery store.

BARGAINING CO-OPS

This type of co-op negotiates with food processors and others looking to buy crops from the co-op's farmer-owners. By working together, the farmers obtain better prices for the commodities they produce. Bargaining co-ops are especially prevalent among growers of fruit and vegetables.

FARM CREDIT SYSTEM

Farm Credit is a nationwide network of cooperatively-owned financial institutions. They provide loans and related financial services to U.S. farmers and ranchers, farmer-owned cooperatives and other agribusinesses, rural homebuyers and rural infrastructure providers.

NATIONAL COUNCIL OF FARMER COOPERATIVES

NCFC
NATIONAL COUNCIL OF
FARMER COOPERATIVES

Since 1929, NCFC has been the voice of America's farmer cooperatives. Our members are regional and national farmer cooperatives, which in turn consist of more than 1,600 local farmer cooperatives across the country. NCFC members also include state and regional councils of cooperatives. Farmer cooperatives allow individual farmers the ability to own and lead organizations that are essential for continued competitiveness in both the domestic and international markets.

America's farmer-owned cooperatives provide a comprehensive array of services for their members. These diverse organizations handle, process and market virtually every type of agricultural commodity. They also provide farmers with access to infrastructure necessary to manufacture, distribute and sell a variety of farm inputs. Additionally, they provide credit and related financial services, including export financing.

Learn more at www.ncfc.org.

Co-op Tax 101

Tax treatment for farmer co-ops established nearly 100 years ago, has enabled flexibility and efficiency in the co-op model.

That treatment was codified 60 years ago in what’s known as Subchapter T of the Internal Revenue Code

Subchapter T underscores the relationship between the cooperative and its farmer members as a single economic unit.

Cliffs Notes: Subchapter T

- Co-ops may pass through their earnings to their farmer-members without double taxation.
- **Patronage income is taxed once.** The income is either retained and taxed at the cooperative at regular corporate rates or is distributed to the patrons and taxed at their individual rates.
- Earnings used to support the cooperative's capital funding or other needs are taxed at regular corporate rates when retained and taxed a second time when distributed to farmer members.
- Earnings from sources other than business with or for the cooperative's members (e.g. non-member business) are taxed at regular corporate rates.

Section 199A Refresher

What is Section 199A?

Section 199A was passed to put co-ops and small businesses on an even footing with big corporations who saw a significant decrease in their tax rate in 2017.

Section 199A(g) provides a replacement for prior-law Section 199 for cooperatives and their members.

Section 199A Refresher Cont'd

What does Section 199A do?

It provides a tax deduction generally equal to 20% of net income for all forms of businesses except C corporations.

The 199A deduction applies to sole proprietorships, partnerships, S corporations, LLCs, etc.

Section 199A Refresher Cont'd

How does Section 199A apply to farmer co-ops?

The calculation is the same as it was under prior-law Section 199 – it is 9% of the co-op's qualified production activities income (QPAI).

The deduction is limited to 50% of the co-op's wages for the year and may not exceed the co-op's taxable income for the year.

199A Talking Points

Section 199A puts co-ops and small businesses on even footing with big corporations.

- These tax provisions have ensured that small businesses and co-ops received similar benefits to large, multinational companies that saw the corporate tax rate permanently reduced in 2017. They have worked to strengthen American businesses, to create jobs, and to boost local economies.

- It has been a success and was critical in seeing farmer co-ops and their members thrive through a pandemic, global unrest, and the highest inflation in a generation.

- Farmers face risks very few industries encounter. Investing in America's farming families and communities is smart economic policy. Extending these tax provisions will provide certainty as producers start planning future investment.

- Co-ops pass 95% back to the farmer, who reinvests it into their operations. That benefits the economy through job creation, increased spending on ag production, and investment in rural communities. Among NCFC members alone, $2 billion was returned to farmers in 2022.

Co-op 101 Talking Points

The benefits of farmer co-ops go well beyond the farm gate, directly supporting rural America.

- Farmer co-ops provide over 250,000 jobs, with a total payroll of more than $8 billion.
- Total profits for farmer cooperatives in 2022 were $12.1 billion; this money is either returned to farmer members or reinvested into the co-op, benefiting the co-op members, and further bolstering local communities.
- Farmer co-ops are important members of their communities doing everything from sponsoring the local little league team to helping rebuild after natural disasters.

Co-op 101 Talking Points Cont’d

Farmer co-ops provide strength in numbers.

- Farmer co-ops are made up of dozens, hundreds, or even thousands of individual farmers, who alone have no market power, but *working together* can compete.
- Farmer co-ops preserve family operations and help individual farmers succeed in the global marketplace.
- On average, farmers who belong to a supply co-op earn approximately $5500 more per year.
- Co-ops help farmers pool their risks and better manage agriculture’s inherent volatility.
- Farmer co-ops preserve competition in the marketplace, which ensures the fairest price possible to consumers.

Co-op 101 Talking Points Cont'd

For more than 100 years, farmer-owned co-ops have given individual farmers a fair chance to compete.

- Farmer co-ops act as bargaining agents, provide market intelligence; and help farmer members engage in value added processing.

- Farmer co-ops provide members with all the tools necessary to run a successful farming operation – including credit, financing, feed, seed, fertilizer, fuel and other crop production products.

- Farmer co-ops allow individual farmers to truly participate in the food and fiber system, all the way from the farm to retail – some of the most innovative products and recognizable brands on grocery store shelves are co-op creations.

Deloitte.

Scaling the cliff: Tax policy implications of a Donald Trump presidency

November 6, 2024

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Introduction

The Associated Press and other media outlets reported early on November 6 that former President Donald Trump has been elected to serve a second, nonconsecutive term in the Oval Office.

Still to be determined is the balance of power on Capitol Hill. According to the Associated Press, Republicans have secured a majority in the Senate, but neither party has won control of the House, and just when we will know the final outcome in that chamber remains unclear.

Tax policy's role in the campaign

Tax generally played a subordinate role during the general election campaign, and when it did emerge as an issue, both Trump and his Democratic challenger, Vice President Kamala Harris, presented their respective visions largely in broad strokes. One underlying component of the tax policy discussion was the future of the Tax Cuts and Jobs Act of 2017 (TCJA, P.L. 115-97), the signature legislation of the first Trump administration that moved through a Republican-controlled Congress under fast-track budget reconciliation rules. That law fundamentally changed the tax treatment of US-based multinationals, lowered corporate and personal tax rates, doubled the child tax credit, and broadened the tax base for both businesses and individuals, among other provisions.

The bulk of the TCJA's corporate changes are permanent law; however, because of long-term fiscal constraints baked into the budget reconciliation process—namely, that legislation moved under the special parliamentary procedure cannot increase the deficit in the years beyond the budget resolution that includes the underlying reconciliation instructions—many of the provisions on the individual side of the tax code are temporary, with sunset dates at the end of 2025. Lawmakers also included revenue-raising provisions with delayed effective dates, some of which have since come into effect, as well as other changes that will raise further revenue from multinational corporations and are scheduled to take effect after next year.

All of this sets up the prospect of a massive fiscal cliff for President-elect Trump and the incoming 119th Congress as they grapple with how to address the pending expiration of marquee TCJA provisions such as reduced income tax rates for individuals, increased exemption amounts for the individual alternative minimum tax and the estate and gift tax, the doubled child tax credit, the increased standard deduction, and the 20% deduction for permanent passthrough business income. (See the tables beginning on page 11 for a list of all the lapsing TCJA provisions lawmakers will have to contend with next year.) During the campaign, Trump generally supported making these temporary provisions permanent. The nonpartisan Congressional Budget Office (CBO) estimated in May that the 10-year cost (including additional debt service costs) of permanently extending the TCJA's expiring tax relief will come in at $4.6 trillion—a $1.1 trillion increase from similar projections the agency issued in 2023. Adding to the magnitude of that challenge for the incoming presidential administration and Congress is the scheduled expiration next year of some significant temporary non-TCJA tax benefits, such as the new markets tax credit and the lookthrough rules for controlled foreign corporations in section 954(c)(6). And, of course, the additional tax code changes that former (and future) President Trump outlined on the campaign trail all will come with costs of their own.

Find out more

Scaling the cliff: Tax policy implications of a Donald Trump presidency offers an overview of how the second Trump administration may address the expiring TCJA provisions and other tax policy issues, based on his stated positions about the TCJA, the additional tax proposals he put forward over the course of the campaign, and the planks in the Republican Party platform.

As we contemplate the direction in which President-elect Trump proposes to take tax policy, it is important to note that tax legislation generally originates in Congress, not the White House, so any new tax laws enacted in his second administration will necessarily also carry the imprimatur of the legislative branch with its many competing interests and priorities. With that in mind, this report also considers how Trump's tax policy ambitions—including the extent to which revenue raisers might be used to offset the cost of any TCJA extensions and other proposed tax relief—are likely to be shaped by the make-up of the incoming 119th Congress.

Donald Trump's tax agenda

President-elect Trump did not release a detailed tax policy blueprint during the general election campaign, although he has called for making the TCJA permanent—a position that became a plank in the official GOP platform adopted by the Republican National Committee at its presidential nominating convention in July. Since the convention, he continued to tout the benefits of the 2017 legislation but also weighed in on a number of other tax policy issues beyond the TCJA.

Corporate tax rates, tariffs

The Tax Cuts and Jobs Act permanently reduced the corporate tax rate to 21% (from 35% under prior law), but in remarks to the Economic Club of New York on September 5, Trump proposed to cut that rate even further—to 15%—although that lower rate would apply "solely for companies that make their products in America."

He indicated that the proposal is intended to spur domestic production, but cautioned that companies that "outsource, offshore, or replace American workers" would be ineligible for the lower rate and that products imported into the US would be subject to "a very substantial tariff."

"Our message is simple: make your product here in America. Only in America," he said.

He did not elaborate how this proposal would work.

Previously, Trump had discussed the possibility of cutting the corporate tax rate to 20% or even 15%, but he offered no additional specifics until his September 5 speech.

He doubled down on this proposal during a September 24 speech in Savannah, Georgia, although, again, he did not offer key details on issues such as how his plan would address the tax treatment of goods that are finished in the US but made with imported components. He did, however, put a finer point on the issue of tariffs for domestic companies that offshore their production activities, stating that his new proposed 15% rate would make the US "the most competitive [country] . . . anywhere on the planet, but only for those who make their product in the USA."

Trump's carrot of lower corporate taxes on US manufacturers in some ways harkens back to the domestic production activities deduction, which was part of the US tax code until 2017, when it was repealed as part of the TCJA. Under Trump's vision for his second administration, this incentive (or something comparable) would return—albeit with a stick in the form of steep tariffs on imported goods.

In one particular example of how a tariff might be structured, he stated that automobiles brought into the US from plants situated in Mexico would be subject to a levy of 100%. (In previous remarks, Trump generally has called for tariffs ranging from 10% to 20%, with higher rates on imports from China.)

Taxpayer-unfavorable TCJA tax code changes

In what appeared to be a call for reversing certain taxpayer-unfavorable changes that were enacted under the TCJA, Trump also told the Economic Club of New York that his tax plan "calls for expanded R&D tax credits [and] 100% bonus depreciation."

Under the TCJA, the 100% rate for bonus depreciation has been phasing down in annual increments of 20 percentage points since 2023. (A 60% rate is in effect for 2024, but will be reduced to 40% for 2025, 20% for 2026, and zero for property placed in service after December 31, 2026.) The TCJA also provides that R&D expenditures paid or incurred in taxable years beginning after December 31, 2021, are subject to capitalization over 5 years for research conducted within the US and 15 years for research conducted outside the US.

Trump made a similar pledge to reinstate pre-TCJA treatment of bonus depreciation and R&D expenditures during his September 24 remarks in Savannah.

There have been bipartisan calls from lawmakers to restore 100% bonus depreciation and the immediate deduction of domestic R&D expenses; however, legislation from House Ways and Means Committee Chair Jason Smith, R-Mo., and Senate Finance Committee Chair Ron Wyden, D-Ore., that would address those and other items, including changes to interest deductibility rules and an expanded child tax credit, is currently stalled on Capitol Hill. The Tax Relief for American Families and Workers Act (H.R. 7024) passed the House in January but failed to clear a procedural hurdle in the Senate on August 1, shortly before Congress adjourned for a weeks-long recess ahead of the elections. It is unclear if the Senate will attempt to take up the bill again when lawmakers return to Capitol Hill for a post-election "lame duck" legislative session.

Income tax exclusions and deductions for individuals, small businesses

On the individual side of the tax code, in addition to expressing support for making the expiring TCJA tax cuts permanent, Trump broadly pledged over the course of the presidential campaign that his administration would eliminate federal taxes on several specific types of income and create new targeted deductions related to certain consumer purchases. He also proposed to increase current-law expensing limitations for small businesses. Additional details on how these proposals would operate have not been provided.

Tip income: During a June 9 campaign rally in Las Vegas, Nevada, Trump proposed to end taxes on tips for individuals working in the restaurant and hospitality industries, although he did not specify whether the exemption would apply only to federal income taxes or also would apply to employment (Social Security and Medicare) taxes.

Overtime pay: In a similar vein, Trump told the audience at a campaign event in Tucson, Arizona, on September 12 that his administration would end all taxes on overtime pay, arguing that such a move would create incentives to work while providing needed tax relief for individuals such as "police officers, nurses, factory workers, construction workers, truck drivers, and machine operators."

Social Security benefits: In a July 31 post on his Truth Social platform, Trump proposed to eliminate taxes on Social Security benefits.

Under current law, individuals with a combined income (which includes adjusted gross income, nontaxable interest, and 50% of Social Security income) between $25,000 and $34,000 pay income taxes on up to 50% of their Social Security benefits, while those making more than $34,000 must pay taxes on up to 85% of benefits. For joint filers, those thresholds are $32,000 and $44,000. None of these thresholds are indexed for inflation. To date, Trump has not explained how his administration would replace the forgone revenue from the proposed tax exemption for Social Security income or how it would mitigate the impact of that proposal on the dwindling trust funds that support Social Security and Medicare. (Income taxes on Social Security benefits provide a revenue stream for both of these trust funds.)

Worldwide income of US citizens living abroad: In a statement to *The Wall Street Journal* on October 9, Trump called for "ending the double taxation of overseas Americans." Although he did not provide additional details, the former president presumably is seeking to eliminate or narrow current federal tax rules which provide that the worldwide income of a US citizen is generally subject to US income tax regardless of where that individual is living. Under current law, certain exclusions apply to foreign earned income, and an exclusion or deduction may apply for housing expenses under certain circumstances.

Deduction for auto loan interest payments: In remarks to the Detroit Economic Club on October 10, Trump proposed to make interest on automobile loans "fully deductible" from federal income taxes, but he has offered no details since then on how such a deduction would be structured. There is no deduction under current law for personal interest, which the IRS describes as interest paid on a loan to purchase a car for personal use, credit card and installment interest incurred for personal expenses, and interest and certain other expenses related to tax-exempt income. Trump explained that his proposed new deduction would "stimulate massive domestic auto production" and make vehicle ownership more affordable for consumers.

Trump did not elaborate on his proposal in his Detroit remarks, but at a rally in Greensboro, North Carolina on October 22, he clarified that the deduction would be available only for interest incurred in purchasing vehicles that are "manufactured in the United States."

"I don't want [the deduction] to benefit other countries. I want it to benefit us," Trump said.

Questions still remain on issues such as whether the deduction would be available for loans on vehicles that are manufactured in the US by automakers that are foreign-owned, or for US-manufactured vehicles that include foreign-produced components.

In conjunction with this proposal, Trump has called for substantial new tariffs intended to prevent Chinese automobile manufacturers and auto parts manufacturers from locating plants in Canada and Mexico and then exporting their products into the United States. (See separate discussion elsewhere in this report for more on Trump's tariff proposals.)

Increase in small business expensing limitation: Trump also proposed in his Detroit remarks to "double the amount of equipment investment [taxpayers] can deduct under section 179"—a move that he said would encourage vehicle purchases by small businesses. The TCJA permanently set the small business expensing cap at $1 million in a given year for qualifying property, subject to a phase-out when the cost of qualifying property exceeds $2.5 million. (Trump did not mention possible changes to the phase-out threshold.)

Temporary deduction for purchase of home generators: In the wake of several recent US natural disasters, Trump pledged in an October 11 post on his Truth Social platform to allow certain individuals to fully deduct the cost of a new home generator from their federal income taxes. The deduction would be available retroactive to September 1, 2024, and would expire after August 31, 2025. The post was addressed to residents of "North Carolina, Georgia, Florida, Alabama, South Carolina, Tennessee and . . . Louisiana, Texas, and other [s]tates," so it is unclear just how widely available the proposed deduction would be if it were enacted. Also unclear is whether there would be any limitations on the types of generators that would qualify for the deduction.

Uncapping the SALT deduction

Trump proposed in September to eliminate a provision of his signature 2017 tax law that imposed a $10,000 cap on the deduction for state and local taxes (SALT). The cap is currently set to expire after 2025.

He initially raised the issue of restoring the SALT deduction in a post on his Truth Social platform on September 17 and reiterated that pledge the following day at a rally he held in Uniondale, New York, on Long Island, where SALT cap repeal has been a popular issue.

"I will cut taxes for families, small businesses, and workers, including restoring the SALT deduction, saving thousands of dollars for residents of New York, Pennsylvania, New Jersey, and other high-cost states," he told his audience.

The SALT deduction was unlimited before the TCJA was signed into law, although, as a practical matter, other provisions in the pre-TCJA tax code, such as the individual alternative minimum tax (AMT) and the "Pease" limitation on itemized deductions, reduced the benefit of the deduction for some taxpayers. (In addition to capping the SALT deduction, the TCJA temporarily repealed the Pease limitation and increased the amount of the AMT exemption. The Pease limitation is scheduled to be restored after 2025, along with the lower prior-law AMT exemption amount.)

Issues around capping or uncapping the SALT deduction do not divide lawmakers or taxpayers neatly along party lines. The deduction cap generated revenue to help offset the cost of the TCJA's tax cuts, and its impact primarily hits the relative minority of taxpayers who itemize their federal tax deductions and who generally live in jurisdictions with high state income, local income, and property taxes. (According to a 2024 IRS report on individual income taxes, returns claiming itemized deductions accounted for 9.2% of all returns filed for tax year 2021. It's worth noting, though, that for tax year 2017, the final year before the increased standard deduction and other tax code changes included in the TCJA took effect, IRS data shows that itemizers represented a comparatively larger share of the tax base, accounting for 30.6% of all returns filed.)

Democratic and Republican lawmakers from states and districts that are disproportionately impacted by the cap have sought to repeal or substantially relax the limitation on the deduction since it became law, and many made it an issue in their 2024 congressional campaigns. There has been some discussion in Congress since 2017 about modifying the cap by eliminating or reducing its so-called marriage penalty. (The $10,000 limitation applies whether filers are single or married filing jointly and is not indexed for inflation.) Several Republicans, however, have supported extending the cap—or even repealing the SALT deduction altogether—as they contemplate the larger issue of how to address the pending expiration of large swaths of the TCJA next year.

The SALT deduction and the TCJA's $10,000 cap also have exposed rifts among congressional Democrats. Senate Majority Leader Charles Schumer, D-N.Y., for example, has criticized the cap since its implementation; however, efforts to eliminate it have been stymied by some in his own party who see that action as a costly choice that would mostly benefit wealthy taxpayers.

Family-focused tax relief

Congressional Republicans have frequently cited the TCJA's expanded child tax credit (among other changes, the credit amount was doubled from prior law) as a compelling reason to make the 2017 legislation permanent. But Trump took the issue of reducing expenses associated with raising children one step further when he pledged in an August 29 speech in Potterville, Michigan, to allow parents to deduct certain unspecified expenses related to having a newborn child. Additional details on that proposal have not been released.

The Republican Party platform also makes passing references to three other proposed tax incentives for families—expanding current benefits for tax-preferred section 529 education savings accounts, creating a new credit for first-time home buyers, and creating a new credit for family caregivers—although these did not figure prominently in Trump's rhetoric on the campaign trail. Trump stated at an October 27 campaign event in New York City that he would "support a tax credit for family caregivers who take care of a parent or a loved one," although he has not provided additional details since then.

Economic outlook adds pressure for offsets in 2025

President-elect Trump did not discuss during the campaign just how, or even whether, he intends to pay for some or all of the cost of renewing the expiring TCJA provisions, although he has commented in general terms that his proposed tariffs would generate significant revenue for the fisc. The Republican platform broadly endorses "baseline tariffs on foreign-made goods," noting that "as tariffs on foreign producers go up, taxes on American workers, families, and businesses can come down." That argument is not universally accepted, even among some Republicans, however.

Once Trump begins his second term in the White House, he is likely to face pressure from Congress—including from some Republican lawmakers—to include offsets as part of a larger tax plan. House Ways and Means Committee Chair Jason Smith appeared to open that door when he stated at a legislative seminar sponsored by BakerHostetler in May that there are Republican lawmakers who believe the corporate tax rate cut in 2017 may have been too deep, and who now may be willing to consider an increase in the rate as a viable revenue-raising option for a future tax bill. It's worth noting that a handful of congressional Republicans indicated this past summer that they might be open to a modest increase in the corporate tax rate; however, those comments came before Trump announced his proposed 15% rate for domestic manufacturers, and that development might influence some of those lawmakers to rethink their position.

Another potential source for Republicans seeking revenue offsets is the slate of clean energy tax incentives in the Inflation Reduction Act (P.L. 117-169), the roughly $740 billion tax, spending, and deficit-reduction package that moved through a Democratic House and Senate under budget reconciliation rules in 2022. Republican Sen. Charles Grassley of Iowa, who sits on both the Finance and Budget committees, suggested at a Budget Committee hearing in July that unwinding those provisions, particularly those related to electric vehicles, "could net hundreds of billions in savings." (A contingent of House Republicans, however, has cautioned against full repeal of the energy provisions in the 2022 law, arguing in a letter to Speaker Mike Johnson, R-La., that certain incentives have driven job creation in their districts and that many US companies are using them to invest in energy infrastructure and projects across the country.)

Republicans also may seek further clawbacks of the special mandatory funding allocated to the IRS (through 2032) under the Inflation Reduction Act to, among other things, enhance the agency's compliance and enforcement efforts. (The original funding amount of $80 billion over 10 years included separate allocations for enforcement, business systems modernization, and improvements to taxpayer services. The enforcement allocation was trimmed by $20 billion on a bipartisan basis in the fiscal year 2024 government funding law enacted this past March.)

Increasing cost and deficit projections

One potential approach to addressing the expiring TCJA provisions—namely, extending them without regard to the deficit impact—seems like something that would have more difficulty getting traction in 2025 than might have been the case previously.

There was a time when many in Congress—on both sides of the aisle—were largely indifferent to deficit increases or believed the societal benefits of certain revenue-losing policies outweighed the costs, particularly at a time of ultra-low interest rates. Although lawmakers may have expressed concern about the burden being heaped on future generations, it was generally the case that Democrats continued to pursue unpaid-for spending legislation and Republicans continued to offer unoffset tax cuts. That era may be over, however. The current Congress, including many Republicans, seems more willing to set aside other tax policy goals in the name of fiscal discipline, and if that mindset holds into next year, the implications could be profound.

Indeed, with the 2025 fiscal cliff now squarely in view, there are several external factors which suggest that finding ways to pay for significant tax relief next year may be a matter of economic necessity.

An expanding price tag: First and foremost, the sheer cost of extending the expiring TCJA provisions—$4.6 trillion over 10 years, inclusive of debt service costs, according to the CBO—may be too big to be ignored. And that figure will get even larger when the 10-year budget window shifts forward early next year.

Some Republicans contended in 2017 that the TCJA would generate enough economic growth to make it revenue neutral over the long term. But CBO Director Phillip Swagel stated at a Senate Budget Committee hearing in July that while the TCJA had some positive effects on the larger US economy, "by far it did not pay for itself, and the same would apply to an extension of the 2017 Act."

Moreover, none of the additional tax cuts Trump has proposed—reducing the corporate tax rate to 15% for domestic manufacturers, eliminating federal taxes on various types of individual income, and reinstating the unlimited deduction for SALT—has been officially scored by the CBO or the Joint Committee on Taxation staff (the other official nonpartisan scorekeeper on Capitol Hill). Various nonpartisan policy-focused organizations outside of the government, such as the Tax Policy Center and the Committee for a Responsible Federal Budget, have estimated that these proposals would add significantly to the CBO's projected $4.6 trillion cost for extending all of the expiring TCJA provisions.

Further complicating matters is the fact that lawmakers also will have to address a swath of traditional tax "extenders" provisions enacted outside of the TCJA that are also set to expire in 2025, plus about a dozen others—mainly in the energy sector—that are due to sunset at the end of 2024. (See the tables beginning on page 18 for a list of those provisions.)

Increasing debt and deficit levels: Any unease over the cost of extending all or even part of the TCJA and other expiring provisions plus enacting new tax cuts is exacerbated by recent fiscal projections issued by the CBO.

In October, the nonpartisan agency released a report estimating that the budget deficit for fiscal year 2024, which ended September 30, reached more than $1.8 trillion, or more than 6% of gross domestic product (GDP). By way of comparison, over the past five decades, the government has on average run deficits of about 3.7% of GDP.

According to a long-term outlook the CBO released in June, this negative trend will continue over the 10-year budget window, with cumulative deficits now projected to amount to almost $22.1 trillion over the next decade, an assumption that is especially optimistic as it is predicated on Congress allowing various temporary provisions in the tax code—including those in the TCJA—to expire as scheduled under current law. (Before the 2008 financial crisis, the US had never incurred a deficit over $1 trillion.) The CBO also projects that the debt held by the public—that is, federal debt not held in intragovernmental accounts such as the Social Security and Medicare trust funds—will rise by more than one-fifth over the next 10 years and exceed 122% of GDP by 2034.

At its most basic level, mounting deficit and debt projections are the product of a large and growing mismatch between federal revenue and spending. On the revenue side, the CBO sees federal receipts averaging about 17.8% of GDP over the next 10 years, a bit north of the 17.3%-of-GDP average over the past five decades, but shy of the roughly 20%-of-GDP levels reached during the late 1990s when the federal budget was in balance. And again, those levels are predicated on the assumption that the temporary provisions of the TCJA are allowed to expire as scheduled.

On the spending side of the ledger, the CBO projects that outlays—which have fallen sharply from their pandemic-era highs—will resume their steady climb due to pre-existing demographic trends that are projected to increase the ranks of Social Security and Medicare beneficiaries and thus push up spending within those programs. Health care cost growth is also expected to continue to outstrip economic growth, thus pushing up that budgetary component as a share of GDP. By 2034, outlays would exceed 24% of the economy.

In contrast, the CBO notes, spending over the last 50 years has averaged about 21% of GDP.

Is fiscal discipline coming back into fashion?

The combined effects of these pressures ***plus*** the need for the White House and Congress to act when the most recent suspension of the federal debt ceiling expires early next year suggest that the calls we're already hearing from lawmakers in both parties for increased fiscal discipline may only grow louder.

At this point, it seems highly unlikely that the incoming 119th Congress will be able to:

- Find more than $4 trillion in spending cuts to pay for extending TCJA tax relief;
- Find more than $4 trillion in revenue offsets on the individual side of the tax code to offset extensions of expiring TCJA provisions for individuals and passthrough businesses; or
- Choose to deficit-finance a tax relief package of that magnitude.

Therefore, if Congress decides to pay for some or all of the TCJA extensions, some combination of business and individual revenue raisers—in the form of corporate and individual rate increases, base-broadening provisions, or both—may well be up for discussion.

The politics of policymaking

The presidential election has been called for Donald Trump, but as we go to press, the power dynamics on Capitol Hill remain unclear. Republicans have won control of the Senate, but several races in the House have not been called and we may not know which party wins control of that chamber for some time. The final headcount in the House will give us a complete picture of the make-up of the next Congress and how that might shape Trump's ability to advance his tax agenda.

We will provide an updated and more detailed discussion of the tax policy outlook once majority control of both chambers has been determined. In the meantime, here is a high-level overview of what may be possible legislatively depending on how the power in Congress is ultimately allocated.

If control of Congress is split

If Democrats ultimately win the House and control of Congress is split, the stage is set for a continuation of the same dynamic we generally have seen on Capitol Hill for the last two years. Under this scenario, the ambitious proposals Trump announced during the campaign to extend all of the expiring TCJA tax cuts for individuals, estates, and passthrough entities; reduce the corporate tax rate to 15% for domestic manufacturers; enact new tax exemptions for tips, overtime income, and Social Security benefits; and create new deductions for various consumer purchases likely would be tempered by the realities of divided government.

Democrats may be able to move bills reflecting their tax policy priorities through the House but in many cases could see them languish in the Senate. Republicans, for their part, could attempt to advance their priorities in the Senate, but because they will have fewer than 60 members on their side of the aisle, they could see those efforts stall because of the filibuster, a procedural tool that allows a minority of lawmakers in the chamber to block legislation that does not have broad bipartisan support. Ending a filibuster requires a three-fifths—60 vote—supermajority.

Reconciliation not an option: An important procedural ramification of having a Congress that remains divided, if that is the ultimate outcome, is the fact that budget reconciliation—an expedited legislative process which has been used by both parties several times in recent decades to bypass a filibuster in the Senate and enact tax and spending legislation on a party-line basis—will very likely be off the table. Indeed, the first step to putting the reconciliation process in motion requires the House and Senate to adopt a joint budget resolution that includes reconciliation instructions that direct authorizing committees in both chambers to report legislation that conforms to certain agreed-upon fiscal parameters—a highly unlikely scenario given the current divide between Democrats and Republicans on fiscal policy issues.

Thus, much as it has been during the current Congress with respect to appropriations legislation and other "must-pass" measures, any tax and spending bills—such as legislation related to the expired and expiring components of the TCJA or additional tax relief proposals for individuals, whether with or without revenue offsets—that reach President Trump's desk over the next two years may ultimately have to be the product of bipartisan congressional negotiations, a reality that could put a significant damper on Trump's ability to see his broader fiscal policy agenda enacted into law.

In the current Congress, divided government produced little in the way of substantive tax legislation that became law. Given the magnitude of the fiscal cliff that's looming in 2025, however, the forces compelling Democrats and Republicans to reach ***some*** sort of agreement on the expiring TCJA provisions and other tax issues during the 119th Congress may be much stronger than they have been the past two years.

If Republicans take both chambers

If Republicans emerge with majorities in the House and the Senate, President-elect Trump and party leaders may be positioned to advance some of the substantial tax policy changes he proposed during the election campaign. Nonetheless, they still could face some significant hurdles in getting those changes enacted into law.

Filibuster still a factor: Because under this outcome Republicans are expected to have fewer than 60 seats in the Senate, however, any significant partisan legislation they advance likely would be subject to a filibuster, which, as explained above, can only be overcome with a 60-vote supermajority. That means Republican leaders and the Trump White House would need to get some level of buy-in from Democrats to move tax legislation through the chamber under what's known as "regular order."

Budget reconciliation an option: If a bipartisan compromise on the direction of tax policy in the new Congress proves elusive, however, Republicans would have an opportunity to invoke the budget reconciliation process (described above) to pass party-line (or nearly party-line) tax and spending legislation.

As a practical matter, reconciliation typically has been employed primarily during periods of unified party control—that is, when the House, Senate, and White House are all controlled by one of the two parties—since the rules require both chambers to agree on a concurrent budget resolution that includes reconciliation instructions on tax or mandatory spending policy. In recent years, for example, a majority-Republican Congress advanced the Tax Cuts and Jobs Act during the first Trump administration and a majority-Democratic Congress secured passage of the American Rescue Plan Act of 2021 and the Inflation Reduction Act of 2022 during President Biden's time in the White House.

But advancing legislation under budget reconciliation is not guaranteed to put it on a glide path to enactment. When a party has a slim margin of control in either chamber and can lose only a small number of members on legislation, each member holds significant sway over the process and can delay or even kill a bill by withholding their support—something Republicans discovered during their unsuccessful effort to repeal the Affordable Care Act in 2017, even though they campaigned on that issue in the 2016 elections, and that Democrats had to acknowledge when they scaled back some of their most ambitious goals for Build Back Better legislation in 2021 and 2022. Reconciliation measures are also limited by what's known as the Byrd Rule, which imposes restrictions on the types of provisions that can be included in legislation moved under that process.

If Republicans can maintain internal unity and craft legislation that complies with Byrd Rule restrictions, however, we could see the enactment of substantial party-line tax legislation in the next Congress.

Evaluate, model, plan

Despite the present uncertainty over who will control Congress, and the markedly different procedural options that may be available to lawmakers depending on how power is apportioned, significant tax law changes over the next few years remain a real possibility. It is not too early to start evaluating the proposals being put forward, modeling potential outcomes, and planning the appropriate actions to take if and when these proposals go from high-level plans and talking points to fully framed legislation with substance, effective dates, and, possibly, carve-outs and anti-abuse rules.

Expiring TCJA provisions, Trump's tax proposals, and the 2025 policy debate

The tables below compare the provisions in the Tax Cuts and Jobs Act of 2017 that are scheduled to expire at the end of 2025 with the pre-TCJA provisions that will take effect in 2026 without congressional intervention. They also include certain permanent TCJA provisions with phase-ins and phase-downs that are scheduled to take effect in 2026, as well as certain permanent taxpayer-unfavorable changes affecting businesses that took effect several years after the TCJA became law and that many lawmakers in both parties hope to reverse in their negotiations next year.

President-elect Trump and congressional Republicans generally have expressed support for extending the TCJA in its entirety. Congressional Democrats generally have indicated support for allowing the temporary TCJA tax cuts to expire for taxpayers with income greater than $400,000 ($450,000 for joint filers) but would leave them in place for less affluent households.

Over the course of the campaign, Trump also announced various additional tax proposals that could be folded into the coming debate over how to address the TCJA. These items, which we have cited in our discussion of his tax policy agenda, are shaded in green. The president-elect could, of course, propose additional tax relief and revenue-raising provisions that were endorsed in the 2024 Republican platform and mentioned elsewhere in this report.

Provisions in each of these tables (or in identified categories within the tables) generally are listed in code section order.

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Provisions affecting individuals

Item	TCJA provision/Current law	Scheduled change in 2026
Individual income tax rates (section 1(j))	7 brackets: 10%, 12%, 22%, 24%, 32%, 35%, and 37%; thresholds indexed annually for inflation Bracket threshold for top rate: AGI > $500,000 (for single taxpayers) and $600,000 (for joint filers), effective for 2018 ($609,350/$731,200 apply for 2024; $626,350/$751,600 in 2025)	7 brackets: 10%, 15%, 25%, 28%, 33%, 35%, and 39.6%; thresholds indexed annually for inflation Inflation-indexed bracket threshold for top rate in 2017: AGI > $418,400 (single) and $470,700 (joint); would be adjusted for inflation in 2026 and annually thereafter

Provisions affecting individuals

Item	TCJA provision/Current law	Scheduled change in 2026
Child tax credit (section 24(h))	$2,000 credit per child under age 17 and $500 per nonchild dependent; phased out for AGI > $400,000 (joint) and $200,000 (all other filers); credit and phase-out amounts not indexed for inflation Maximum refundable credit: $1,400 per child, indexed annually for inflation ($1,700 for 2024 and 2025); credit for nonchild dependent is nonrefundable	$1,000 credit per child under age 17; phased out for AGI > $75,000 for single taxpayers and $110,000 for joint filers; credit and phase-out amounts not indexed for inflation Maximum refundable credit: $1,000 (not indexed for inflation) No credit for nonchild dependents Trump supports extending the TCJA's enhanced child tax credit but has also proposed a new deduction for certain unspecified expenses associated with having a newborn child
Individual AMT exemption amount and phase-out threshold (section 55)	Exemption amounts of $70,300 (single) and $109,400 (joint), indexed annually for inflation ($85,700/$133,300 in 2024; $88,100/$137,000 in 2025) Phase-out for alternative minimum taxable income > $500,000 (single) and $1 million (joint), indexed for inflation ($609,350/$1,218,700 for 2024; $626,350/$1,252,700 for 2025)	Inflation-indexed exemption amounts in 2017: $54,300 (single) and $84,500 (joint); would be adjusted for inflation in 2026 and annually thereafter Inflation-indexed phase-out amounts in 2017: Alternative minimum taxable income > $120,700 (single) and $160,900 (joint); would be adjusted for inflation in 2026 and annually thereafter
Tax treatment of tip income (generally, section 61)	Not addressed in TCJA; cash and noncash tips generally are subject to federal income taxes; cash tips are subject to employment (Social Security and Medicare) taxes	No scheduled change; however, Trump proposes to exempt tips from federal income taxes for hospitality and service workers (unclear if that exemption would also apply to employment taxes)
Tax treatment of overtime income (generally, section 61)	Overtime pay subject to federal income and employment taxes	No scheduled change; however, Trump has proposed eliminate federal taxes on overtime pay
Standard deduction of individuals (section 63(c)(7))	$12,000 (single) and $24,000 (joint), indexed for inflation ($14,600/$29,200 for 2024; $15,000/$30,000 for 2025)	Inflation-indexed deduction amounts in 2017: $6,350 (single) and $12,700 (joint filers); would be adjusted for inflation in 2026 and annually thereafter
Miscellaneous itemized deductions: 2% floor (section 67(g))	Miscellaneous itemized deductions (such as investment/advisor fees) repealed through 2025	Miscellaneous deductions restored, subject to pre-TCJA 2%-of-AGI floor

Provisions affecting individuals

Item	TCJA provision/Current law	Scheduled change in 2026
Limitation on itemized deductions (section 68(f))	3% "Pease" limitation on itemized deductions repealed through 2025	3% Pease limitation restored Inflation-indexed limitation thresholds in 2017: AGI > $261,500 (single) and $313,800 (joint); would be adjusted for inflation in 2026 and annually thereafter
Tax treatment of Social Security benefits (section 86)	Individuals with a combined income (adjusted gross income, nontaxable interest, and 50% of Social Security income) between $25,000 and $34,000 pay income taxes on up to 50% of their Social Security benefits; individuals making more than $34,000 must pay taxes on up to 85% of benefits; thresholds for joint filers are $32,000/$44,000; thresholds are not indexed for inflation	No scheduled change; however, Trump has proposed to eliminate federal tax on Social Security benefits
Deduction for personal exemptions (section 151(d)(5))	Personal exemption repealed through 2025	Personal exemption restored Inflation-indexed exemption amount for 2017: $4,050 per household member; would be adjusted in 2026 and annually thereafter Inflation-indexed exemption phase-out thresholds for 2017: AGI > $261,500 (single) and $313,800 (joint); would be adjusted in 2026 and annually thereafter
Deductions for personal interest expenses (section 163)	No deduction for interest paid on a loan to purchase a car for personal use, credit card and installment interest incurred for personal expenses, and interest and certain other expenses related to tax-exempt income	No scheduled change; however, Trump has proposed to make interest on automobile loans fully deductible for vehicles that are "manufactured in the United States."
Deduction for qualified residence interest, suspension of deduction for home equity interest (section 163(h)(3)(F))	Interest deductible on first $750,000 ($375,000 married filing separately) of acquisition indebtedness on primary and secondary residences for debt incurred after Dec. 15, 2017 No deduction for home equity debt	Interest deductible on first $1 million of debt ($500,000 married filing separately) used to secure primary or secondary residence ***and*** first $100,000 of home equity debt
Deduction for state and local taxes (SALT) (section 164(b)(6))	SALT deduction capped at $10,000	Unlimited SALT deduction restored Trump has expressed support for reinstating the full deduction

Provisions affecting individuals

Item	TCJA provision/Current law	Scheduled change in 2026
Limitation on wagering losses (section 165(d))	Pre-TCJA, wagering losses sustained in a taxable year deductible only to the extent of the gains in the taxable year from such transactions TCJA provides (through 2025) that a deduction applies to the actual costs of wagers incurred by an individual ***and*** to other expenses incurred in connection with the individual's gambling activity	Wagering losses remain deductible only to the extent of wagering gains, but a deduction applies ***only*** to actual costs of wagers and ***not*** to other expenses incurred in connection with an individual's gambling activity
Deduction for noncompensated personal casualty losses (section 165(h)(5))	Repealed except for losses in federally declared disaster areas	Noncompensated losses deductible subject to 10%-of-AGI limitation
Deduction for purchases of home generators (no specific code section)	No provision	No scheduled change; however, Trump has proposed to allow individuals living in certain areas affected by recent natural disasters to fully deduct the cost of purchasing a home generator; deduction would be available retroactive to Sep. 1, 2024, and would expire after Aug. 31, 2025
Percentage limitation on cash contributions to public charities (section 170(b)(1)(G))	Cash contributions deductible up to 60% of AGI	Cash contributions deductible up to 50% of AGI
Deduction for unreimbursed employment-related moving expenses (section 217(k))	No deduction allowed except for armed forces personnel moving pursuant to military orders	Deduction available for all employees, subject to a 2%-of-AGI limitation
ABLE account enhancements (section 529A)	Pre-TCJA law created tax-preferred savings accounts for payment of qualified disability-related expenses of a designated beneficiary, with contributions subject to various limitations Temporary TCJA enhancements make contributions eligible for the saver's credit; permit rollovers from qualified tuition programs; and permit account beneficiaries who work and earn income to contribute above the annual ABLE contribution limit	ABLE account enhancements repealed

Provisions affecting individuals

Item	TCJA provision/Current law	Scheduled change in 2026
Taxation of worldwide income (section 911)	Worldwide income of a US citizen is generally subject to US income tax regardless of where that individual is living, although certain exclusions apply to foreign earned income, and an exclusion or deduction may apply for housing expenses under certain circumstances	No scheduled change; however, Trump has called for "ending the double taxation of overseas Americans"
Estate and gift tax exemption amounts (section 2010(c)(3)(C))	40% estate, gift, and generation-skipping tax; basic exclusion amount of $10 million per taxpayer, indexed for inflation ($13.61 million per taxpayer in 2024; $13.99 million in 2025)	40% estate and generation-skipping tax; inflation-indexed basic exclusion amount of $5 million per taxpayer ($5.49 million in 2017) would be adjusted in 2026 and annually thereafter
Combat zone tax benefits for members of the Armed Forces in the Sinai Peninsula (TCJA, section 11026)	Sinai Peninsula designated as a combat zone through 2025, entitling US armed forces members serving there (and their families) to combat zone tax benefits including: (1) income and employment tax exemptions on certain military pay received during any month in which the member served there; (2) income tax exemption during the year that the member dies and the year prior while serving there; and (3) special estate tax rules for death occurring there	Combat zone designation for Sinai Peninsula expires, along with related tax benefits

Corporate and business-focused tax provisions

Item	TCJA provision/Current law	Scheduled change in 2026
Provisions affecting US-based multinationals		
Base erosion and anti-abuse tax (BEAT) rate (section 59A)	10% BEAT rate applies through 2025	BEAT rate increases to 12.5%
Deduction percentage for global intangible low-taxed income (GILTI) (section 250(a)(3))	50% GILTI deduction, for effective tax rate of 10.5-13.125% (variation based on foreign tax credits)	Deduction reduced to 37.5%, for effective tax rate of 13.125-16.4% (variation based on foreign tax credits)
Deduction percentage for foreign-derived intangible income (FDII) (section 250(a)(3))	FDII deduction of 37.5%, for effective tax rate of 13.125%	FDII deduction reduced to 21.875%, for effective tax rate of 16.406%

Corporate and business-focused tax provisions

Item	TCJA provision/Current law	Scheduled change in 2026
Provisions affecting corporations and businesses generally		
Corporate income tax rate (section 11(b)	TCJA permanently reduced the rate to 21% (from 35%)	No scheduled change; however, Trump proposes to cut the current-law rate to 15% for domestic manufacturers and impose "substantial" tariffs on US-based businesses that "outsource, offshore, or replace American workers"
Treatment of business interest payments (section 163(j))	Adjusted taxable income for purposes of the 30% limitation on deductions of net business interest expense generally must be calculated based on earnings before interest and taxes (EBIT) beginning in 2022	No scheduled change; however, there has been bipartisan interest in reversing the TCJA provision and permitting adjusted taxable income to be calculated based on earnings before interest, taxes, depreciation, depletion, and amortization (EBITDA)
100% bonus depreciation (section 168(k))	100% rate phased down in increments of 20 percentage points beginning in 2023 (60% rate in effect for 2024, reduced to 40% for 2025, and 20% for 2026)	Bonus depreciation phased out for property placed in service after Dec. 31, 2026; however, lawmakers in both parties have expressed interest in reversing the TCJA provision and reinstating the 100% bonus depreciation rate Trump has expressed support for a return to 100% bonus depreciation
Treatment of R&D expenditures (section 174)	R&D expenditures paid or incurred in taxable years beginning after Dec. 31, 2021, are subject to capitalization and amortization over 5 years for research conducted within the US and 15 years for research conducted outside the US	No scheduled change to current law; however, lawmakers in both parties have expressed interest in reversing the TCJA provision and returning to prior law, which allowed immediate deduction for R&D expenditures Trump has called for "expanded R&D tax credits" (unclear if that refers to reversing this specific TCJA provision)
Small business election to expense depreciable assets (section 179)	Current deduction allowed for eligible property, subject to a $1 million limit in a given year, phased out when the cost of qualifying property exceeds $2.5 million	No scheduled change; however, Trump has proposed raising the expensing limit to $2 million (although he has not addressed changes to the phase-out threshold)
Provisions affecting passthrough businesses		
Qualified business income deduction (section 199A(i))	20% deduction for domestic business profits, subject to certain limitations	Deduction repealed; passthrough income taxed at taxpayer's individual rate

Compensation and benefits provisions

Item	TCJA provision/Current law	Scheduled changes in 2026
Employer credit for paid family and medical leave (section 45S(i)) **Note:** This provision was enacted in TCJA through 2019; extended through 2020 in the Further Consolidated Appropriations Act, 2020 (P.L. 116-94); and extended again through 2025 in the Consolidated Appropriations Act, 2021 (P.L. 116-260)	Temporary business credit for employers that allow all qualifying full-time employees at least two weeks annual paid family and medical leave and allow part-time employees a commensurate amount of leave on a pro rata basis Credit amount is 12.5% of wages paid to qualifying employees when they are on family and medical leave if the payment rate under the program is 50% of the wages normally paid to an employee	Credit repealed
Suspension of exclusion for reimbursement of bicycle commuting (section 132(f)(8))	No exclusion from income or employment tax for reimbursement of bicycle commuting expenses	Income and employment tax exclusions reinstated for employer-provided bicycle commuting reimbursements of up to $20 per month for reasonable expenses such as bicycle purchase, repair, and storage
Suspension of exclusion for moving expense reimbursement (section 132(g)(2))	No exclusion from AGI for reimbursement payments for employment-related moving expenses	Reimbursement payments for employment-related moving expenses excludable from AGI
Deductibility of employer *de minimis* meals and related eating facility, and meals for the convenience of the employer (section 274(o))	50% deduction for expenses for meals provided through an eating facility that meets the requirements for *de minimis* fringes and for the convenience of the employer; no deduction for expenses incurred and paid after December 31, 2025	Deduction eliminated

Traditional 'extenders' also in the mix for 2025

In addition to the expiring TCJA provisions, lawmakers also will have to decide how to address other significant temporary tax "extenders" provisions that are scheduled to sunset in 2025. Moreover, roughly a dozen provisions—mostly in the energy sector—that are set to lapse at the end of *this* year could wind up in the extenders mix for 2025 if lawmakers are unable to address them during a post-election lame duck session in the final weeks of the 118th Congress.

All of these provisions—and their scheduled sunset dates, indicated in brackets—are outlined in the tables below. Items in each category are listed in code section order.

Source: Joint Committee on Taxation staff. *List Of Expiring Federal Tax Provisions 2024-2034* (JCX-1-24), Jan. 11, 2024.

Individual tax provisions
Exclusion for discharge of indebtedness on principal residence (section 108(a)(1)(E)) ***[Dec. 31, 2025]***
Exclusion for certain employer payments of student loans (section 127(c)(1)(B)) ***[Dec. 31, 2025]***
Affordable Care Act premium assistance credit enhancements (sections 36B(b)(3)(A)(iii) and (c)(1)(E) ***[Dec. 31, 2025]***

Corporate and business-focused provisions
Lookthrough treatment for payments between related controlled foreign corporations under the foreign personal holding company rules (section 954(c)(6)(C)) ***[Dec. 31, 2025]***
Seven-year recovery period for motorsports entertainment complexes (sections 168(e)(3)(C)(ii) and (i)(15)(D)) ***[Dec. 31, 2025]***
Special expensing rules for certain film, television, and live theatrical productions (section 181(g)) ***[Dec. 31, 2025]***

Energy provisions
Second-generation biofuel producer credit (section 40(b)(6)(J)) ***[Dec. 31, 2024]****
Incentives for biodiesel and renewable diesel ***[Dec. 31, 2024]**** • Income tax credits for biodiesel fuel, biodiesel used to produce a qualified mixture, and small agri-biodiesel producers (section 40A(g)) • Excise tax credits and outlay payments for biodiesel fuel mixtures (sections 6426(c)(6) and 6427(e)(6)(B)) • Excise tax credits and outlay payments for renewable diesel fuel mixtures (sections 6426(c)(6) and 6427(e)(6)(B))

Energy provisions

Incentives for sustainable aviation fuel ***[Dec. 31, 2024]****

- Credit for sustainable aviation fuel (section 40B(h))
- Excise tax credits and outlay payments for sustainable aviation fuel (sections 6426(k) and 6427(e)(6)(E))

Beginning-of-construction date for renewable power facilities eligible to claim the renewable electricity production credit or investment credit in lieu of the production credit (sections 45(d) and 48(a)(5)) ***[Dec. 31, 2024]****

Beginning-of-construction date for increased credit for business solar energy property and credit for fiber optic solar lighting system property, qualified fuel cell and stationary microturbine power plant property, combined heat and power property, small wind property, and waste energy recovery property (section 48(a)(2)(A)(i)(II), (a)(3)(A)(ii), (a)(3)(A)(viii), (c)(1)(E), (c)(2)(D), (c)(3)(A)(iv), and (c)(4)(C)) ***[Dec. 31, 2024]****

Increase in energy credit for solar and wind facilities placed in service in connection with low-income communities (section 48(e)(4)(C)) ***[Dec. 31, 2024]****

Five-year recovery period for certain energy property (sections 168(e)(3)(B)(vi)(I) and 48(a)(3)(A)) ***[Dec. 31, 2024]****

Incentives for alternative fuel and alternative fuel mixtures ***[Dec. 31, 2024]****

- Excise tax credits and outlay payments for alternative fuel (sections 6426(d)(5) and 6427(e)(6)(C))
- Excise tax credits for alternative fuel mixtures (section 6426(e)(3))

Oil Spill Liability Trust Fund financing rate (section 4611(f)(2)) ***[Dec. 31, 2025]***

*See the JCT expiring provisions report for details on how many of these incentives interact with various clean energy incentives enacted in the Inflation Reduction Act

Economic development provisions

New markets tax credit (section 45D(f)(1)) ***[Dec. 31, 2025]***

Work opportunity tax credit (section 51(c)(4)) ***[Dec. 31, 2025]***

Empowerment zone tax incentives (sections 1391(d)(1)(A)(i) and (h)(2), section 1396) ***[Dec. 31, 2025]***

Health care provisions

Safe harbor for high-deductible health plans that do not include a deductible for telehealth and other remote care services (section 223(c)(2)(E)) ***[Dec. 31, 2024]***

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Labor & Immigration

National Council of Farmer Cooperatives

January 26, 2022

OSHA Docket Office
Occupational Safety and Health Administration
U.S. Department of Labor
Room N–3653
200 Constitution Avenue NW
Washington, D.C. 20210

RE: Docket ID Number OSHA-2021-0009-0001, Advance Notice of Proposed Rulemaking on Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings

Dear Sir or Madam:

The National Council of Farmer Cooperatives (NCFC) is pleased to submit comments on the Occupational Safety and Health Administration's Advance Notice of Proposed Rulemaking on Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings (Docket # OSHA-2021-0009-0001).

Since 1929, NCFC has been the voice of America's farmer-owned cooperatives. NCFC members include regional and national cooperatives, which in turn consist of nearly 2,000 local farmer cooperatives across the country. Farmer cooperatives – businesses owned, governed, and controlled by farmers and ranchers – are an important part of the success of America's agricultural supply chain.

NCFC has an extremely diverse membership, which we view as one of our sources of strength – our members span the country, supply nearly every agricultural input imaginable, drive innovation, develop new technologies, provide credit and related financial services, and market a wide range of commodities and value-added products.

Our cooperatives and their farmer-owners recognize the significant contributions of the agricultural workforce and understand the importance of providing a safe workplace for employees that mitigates hazards like heat. Our cooperatives utilize a number of safeguards and precautions, including extensive training, to avoid hazardous work conditions. Furthermore, farmer cooperatives maintain strong partnerships with entities developing innovative technologies with regional and environmental specificities to avoid heat injury and illness. For example, NCFC works closely with organizations such as the Agricultural Safety and Health Council of America (ASHCA), a coalition of more than 50 organizations, businesses, federal agencies, academics and safety professionals all seeking to improve the health and safety of farmers, ranchers and agricultural workers. ASHCA pursues national strategies to create a less-hazardous work environment and proactively addresses ongoing and emerging occupational safety and health issues impacting U.S. agriculture.

Existing standards enforced under the General Duty Clause already provide OSHA with the capability to protect employees from heat through enforcement, as evident by the references included throughout the ANPRM. The ANPRM also highlights how Regional Emphasis Programs allow field staff to conduct heat illness inspections of outdoor work activities when the high temperature is forecast to be above 80 degrees Fahrenheit. As OSHA has already demonstrated its enforcement capabilities, a new standard appears unnecessary to improve employee health outcomes related to heat. As OSHA explores the possibility of a heat illness standard, the agency should seek to avoid duplicative requirements when standards are already in place.

Should OSHA move forward with a proposed rule regarding a heat illness standard for both indoor and outdoor workplaces, NCFC urges the department to account for the diverse labor needs of agriculture and ensure any new requirements do not impede the completion of tasks essential to production agriculture. Throughout the ANPRM, OSHA explores concepts that could limit farm production and fails to consider individual health differences and regional variations in temperature. For example, the ANPRM discusses potentially using certain temperature thresholds as low as 80 degrees to determine when additional heat illness standards are applicable in the workplace. A single temperature approach like this does not account for variations in weather or regional differences like humidity and cloud cover. The ANPRM also invites conversation regarding the acclimatization of employees and compares existing heat illness standards in Minnesota, Washington, Oregon and California. These standards set prescriptive timeframes for breaks that do not account for the type of work an employee is engaged in or the individual employee's needs. Such a one-size-fits-all standard would be unworkable for agricultural production in many regions of the United States.

A better approach to ensuring fewer heat-related illnesses, injuries or deaths is for OSHA to partner with employers to promote understanding of the current obligations under existing laws and regulations, and to provide appropriate training materials to mitigate the impact of heat. OSHA should also develop materials that educate employees on the importance of making healthy choices outside the workplace to better prepare them for working in warm temperatures, as well as making sure they understand the importance of taking breaks, seeking shade and hydrating throughout the workday.

As OSHA reviews comments and determines how to move forward with a heat illness standard, it is critical the industries most impacted by new regulations have ample opportunity to provide feedback. As OSHA moves forward with this process, it is imperative that OSHA avoids placing duplicative or overly burdensome regulations on our nation's producers.

Again, thank you for this opportunity to provide feedback on OSHA's ANPRM on Heat Injury and Illness Prevention. We look forward to continuing our efforts to promote a safe workplace.

Sincerely,

Chuck Conner
President & CEO

Committee Structure & Leadership

Government Affairs Committee
Leadership Positions
2023-2024

Government Affairs Committee

Chair: Brian Cavey, CoBank
Vice Chair: Chad Metzler, Land O'Lakes, Inc.
NCFC Staff Contact: Lisa Van Doren (lvandoren@ncfc.org)

Environment & Energy Subcommittee

Subcommittee Focus: *Environmental Regulations, USDA Conservation Programs, Energy, Climate Change, etc.*

Chair: Garreth Hubbard, Land O'Lakes, Inc.
Vice Chair: Dan Mauer, CHS Inc.
NCFC Staff Contact: Zach Gihorski (zgihorski@ncfc.org) and Lisa Van Doren (lvandoren@ncfc.org)

International Affairs Subcommittee

Issue Areas: *International Trade, Trade Promotion Authority, Market Access, Export Programs, SPS Issues, etc.*

Chair: Will Stafford, CHS Inc.
Vice Chair: *Vacant*
NCFC Staff Contact: Kevin Natz (knatz@ncfc.org) and Lisa Van Doren (lvandoren@ncfc.org)

Fruit, Veg & Nut Subcommittee

Issue Areas: *Specialty Crop Block Grant Program, Specialty Crop Research Initiative, DOD Fresh, USDA Snack Program, TASC Program, etc.*

Chair: Rich Hudgins, California Canning Peach Association
Vice Chair: Mark Leonard, Sunsweet Growers Inc.
NCFC Staff Contact: Mary Armstrong (marmstrong@ncfc.org) and Lisa Van Doren (lvandoren@ncfc.org)

Animal Agriculture Subcommittee

Subcommittee Focus: *USDA Dairy Programs, Animal Health, Animal Welfare, Animal ID, Competition/Packers and Stockyards Act, etc.*

Chair: Wally Knock, Agtegra Cooperative
Vice Chair: Steve Schleis, Equity Cooperative Livestock Sales Association
NCFC Staff Contact:) Zach Gihorski (zgihorski@ncfc.org) and Lisa Van Doren (lvandoren@ncfc.org)

<u>Labor Subcommittee</u>
Subcommittee Focus: *Immigration, Workplace Safety (OSHA, NLRB),*

Chair: Lauren Sturgeon Bailey, CoBank
Vice Chair: Blair White, Plains Cotton Cooperative Association
NCFC Staff Contact: Mary Armstrong (marmstrong@ncfc.org) and Lisa Van Doren (lvandoren@ncfc.org)

<u>Food & Nutrition Subcommittee</u>
Subcommittee Focus: *Food Safety, Food Labeling, Nutrition, etc.*

Chair: Dawn Drake, Michigan Processing Apple Growers
Vice Chair: Jessica Lemos, Ocean Spray Cranberries, Inc.
NCFC Staff Contact: Mary Armstrong (marmstrong@ncfc.org) and Lisa Van Doren (lvandoren@ncfc.org)

<u>Credit & Rural Development Subcommittee</u>
Subcommittee Focus: *Credit, Finance, CFTC, Infrastructure (transportation, broadband, community facilities) USDA Rural Development, etc.*

Chair: Caroline Rydell, Farm Credit Bank of Texas
Vice Chair: Jamie Nygren, Farm Credit Services of America
NCFC Staff Contact: Kevin Natz (knatz@ncfc.org) and Lisa Van Doren (lvandoren@ncfc.org)

<u>Commodities & Risk Management Subcommittee</u>
Subcommittee Focus: *Largely focused on farm bill (Title 1 Programs and crop insurance title), farm economy issues*

Chair: Howard Olson, AgCountry Farm Credit Services
Vice Chair: Vacant
NCFC Staff Contact: Kevin Natz (knatz@ncfc.org) and Lisa Van Doren (lvandoren@ncfc.org)

Government Affairs Committee
Responsibilities and Structure
2023-2024

I. MISSION

The Government Affairs Committee plays a vital role in the organization's efforts to influence public policy and advance NCFC's mission. The committee is responsible for identifying key policy areas important to farmer cooperatives. This includes researching and drafting policy proposals, position statements, and legislative or regulatory recommendations. It develops, recommends, and assists with advocating for policies relating to such matters. The committee is essential to advancing the organization's mission by influencing public policy, engaging stakeholders, and promoting our interests at various levels. Additionally, it provides a forum for NCFC members to interact and exchange information and policy perspectives.

II. MEMBERSHIP

NCFC members (including state councils) are encouraged to appoint at least one individual to serve on the committee and can appoint up to two more. Efforts will be made to ensure valuable contributors to the committee's work receive appointments necessary to continue as active committee members. The committee seeks diverse backgrounds and expertise in areas relevant to our advocacy goals. NCFC strongly recommends that farmer directors be appointed to the committee in addition to any policy staff. Their voice is fundamental to the committee's focus and work. Each member is expected to contribute actively to discussions and initiatives.

III. OFFICERS

The committee nominates and elects two members as chair and vice chair. The chair and vice chair serve a two-year term and can serve a maximum of two terms (four years). Elections are held every two years in November and take effect the following January. The chair leads the committee, ensuring it operates effectively and achieves its objectives. The chair serves as the primary spokesperson for the committee. The vice chair supports the chair in their duties and steps in as the acting chair when needed. They will also take the lead on specific initiatives as assigned. The sitting Vice Chair, if willing, is the successor to the Chair, and a new Vice Chair is then selected every two years.

IV. ISSUE MANAGEMENT

The committee will formulate policies on legislative and regulatory issues. The committee will assist with advocacy campaigns to promote the organization's policy positions. This includes developing messaging strategies, coordinating media outreach, and organizing grassroots efforts. Regular reports will be provided to the NCFC Council and other stakeholders to inform them of progress and challenges.

The committee will utilize its subcommittees when detailed analysis or recommendations are sought on a particular policy matter. Additionally, the committee will collaborate with NCFC's Legal, Tax, and Accounting Committee to ensure a unified and effective approach to advocacy. The committee will receive regular updates from NCFC's Senior Vice President & General Counsel, Legal, Tax & Accounting.

V. SUBCOMMITTEES

Subcommittee participation is voluntary. Each subcommittee elects a chair and vice chair as appropriate. The chair and vice chair can serve a maximum of two terms (four years). In no event can more than two individuals appointed by an NCFC member serve as a subcommittee chair or vice chair simultaneously.

Each subcommittee serves as a forum: (1) to identify, monitor, review, and analyze current and proposed policies and programs affecting farmer cooperatives and their farmer-owners; (2) to provide for the exchange of information and promote greater awareness and understanding of related issues concerning farmer cooperatives; and (3) to develop and recommend appropriate actions by NCFC. The committee consists of the following subcommittees:

International Affairs
Subcommittee Focus: International Trade, Market Access (MAP), Export Programs, sanitary and phytosanitary (SPS) issues, etc.

Commodities & Risk Management
Subcommittee Focus: Farm bill programs, specifically Title 1 (commodity programs) and Title XI (crop insurance), and farm economy issues.

Credit & Rural Development
Subcommittee Focus: Credit, Finance, CFTC, Infrastructure (transportation, broadband, community facilities) USDA Rural Development, etc.

Fruit, Vegetable & Nut
Subcommittee Focus: Specialty Crop Block Grant Program, Specialty Crop Research Initiative; DOD Fresh, USDA Snack Program, etc.

Animal Agriculture
Subcommittee Focus: USDA Dairy Programs, Animal Health, Animal Welfare, Animal ID, Competition/Packers & Stockyards Act, etc.

Environment & Energy
Subcommittee Focus: Environmental Regulations (EPA), USDA Conservation Programs, Energy, Climate Change, etc.

Labor
Subcommittee Focus: Immigration, Workplace Safety (OSHA, NLRB)

Food & Nutrition
Subcommittee Focus: Food safety, food labeling, nutrition, etc.

VI. WORKING GROUPS

Developments often occur which necessitate significant involvement in an issue area. When necessary, a working group of affected members can be established. The working group will participate in all aspects of the legislative process including drafting of legislation and report language, together with personal meetings with members of Congress and congressional staffers. The process will ensure that NCFC's position represents the consensus position of NCFC membership, is consistent with NCFC policies, and is in coordination with NCFC staff.

VII. PRIORITIES AND POLICY RESOLUTIONS

All policy matters fall under the purview of the committee, with input from LTA on legal, tax, and accounting policy when needed. The committee reviews and updates NCFC's priorities and policy resolutions each year for consideration by the NCFC Council. These recommendations guide the organization's advocacy, underscoring the importance of the priorities and policy resolution review process.

VIII. MEETINGS

The committee meets virtually monthly to receive updates on key issues, coordinate advocacy efforts, and prepare for upcoming events. Additionally, an annual in-person, two-day planning meeting is held in November to prepare for the year ahead, including changes to the administration or balance of power in Congress and how such changes impact anticipated policy areas of focus. The planning meeting allows for more time to conduct committee work than is provided during our monthly calls or at the NCFC Annual Meeting and the Washington Conference. The meetings are open to all NCFC members' staff and directors to attend regardless of whether they are appointed to the committee.

IX. DURATION

The committee is a standing committee of the organization. The committee members are appointed on a biennial basis. Other working groups may be established based on the needs of the Committee.

NCFC CO-OP/PAC Report

NCFC MEMBERSHIP with FEDERAL PACs
PAC to PAC Contributions
Through October 29, 2024

Member	2024	2023	Historical 2018-2022	TOTAL
Ag Processing Inc.			$15,000	$15,000
Agri-Mark Inc.				$0
Amalgamated Sugar Company	$5,000	$5,000	$25,000	$30,000
American Crystal Sugar Company	$5,000	$5,000	$25,000	$35,000
Calcot Ltd.		$2,500		$2,500
California Canning Peach Association	$5,000	$5,000	$17,000	$27,000
CHS Inc.	$5,000	$5,000	$20,000	$30,000
Land O'Lakes, Inc.	$5,000		$20,000	$25,000
Landus Cooperative	$500		$6,000	$6,000
Maryland & Virginia Milk Producers Cooperative				$0
Michigan Milk Producers Association	$2,500			$2,500
National Grape Cooperative Association, Inc.				$0
Ocean Spray Cranberries, Inc.	$3,000		$4,500	$7,500
Pacific Coast Producers		$5,000	$25,000	$30,000
Plains Cotton Cooperative Assoc. Employees' PAC	$5,000	$2,500	$4,000	$11,500
Riceland Foods, Inc.	$5,000	$5,000	$14,500	$24,500
Southern Minnesota Beet Sugar Cooperative			$20,000	$20,000
Sunkist Growers, Inc.				$0
Sun-Maid Growers of California			$6,500	$6,500

TOTAL: **$41,000** **$40,000**

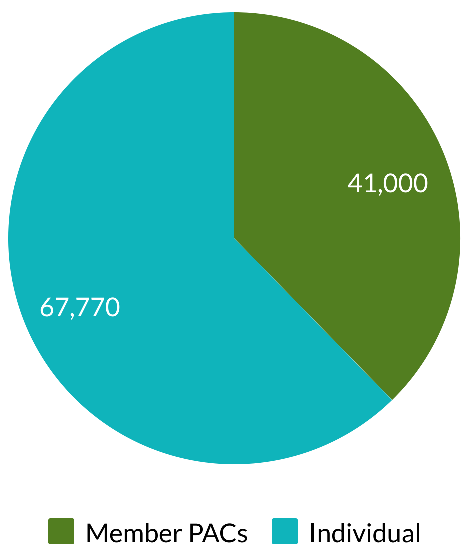
:: Treasurer's Report ::

NCFC CO-OP/PAC UPDATE

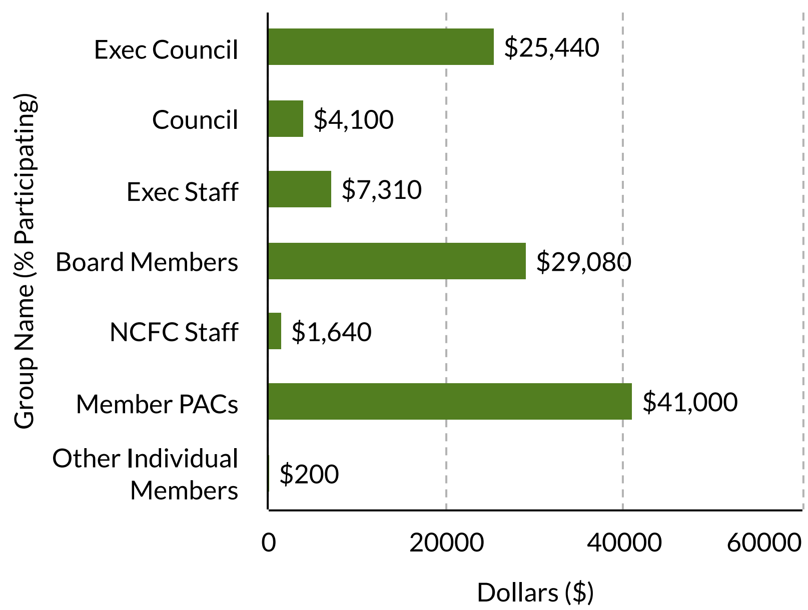
2024 Starting Balance $94,062.04

September 30, 2024 Ending Balance $68,565.09

Total Receipts: $108,770

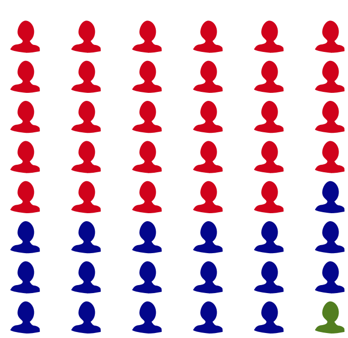


Total Receipts by Group



56% of NCFC Members Currently Provide PAC Solicitation Approval

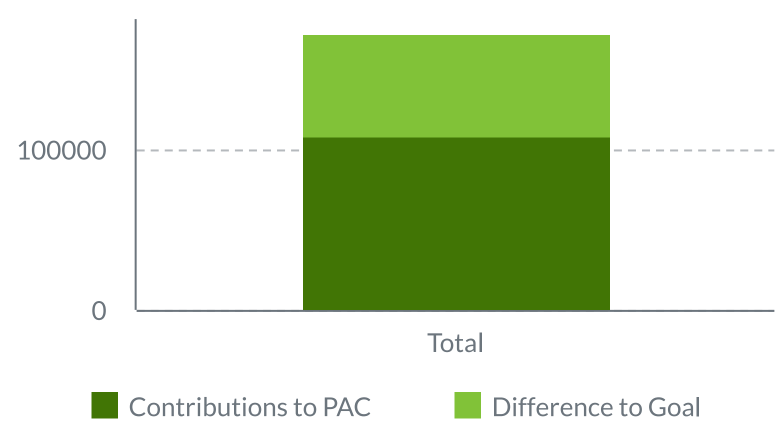
Candidates Supported in 2024 for Re-Election



To date, the PAC has supported 48 members of Congress for reelection for a total of $119,500 in disbursements.

Annual Fundraising Goal

73% Achieved



The 2024 goal for the PAC is $150,000. As of September 30, 2024, the PAC raised 73 percent of its goal.

Please contact Treasurer, Janet Peterson (jpeterson@ncfc.org), with questions regarding the PAC.

Disbursement List (thru 10/31/2024)

Date	Amount	Committee Name	State	Election Period	Party
1/11/2024	$5,000	MIKE JOHNSON FOR LOUISIANA	LA	Primary 2024	Republican
1/11/2024	$2,500	DAN NEWHOUSE FOR CONGRESS	WA	Primary 2024	Republican
1/18/2024	$1,000	EMMER FOR CONGRESS	MN	Primary 2024	Republican
1/30/2024	$1,000	SCHNEIDER FOR CONGRESS	IL	Primary 2024	Democratic
1/31/2024	$5,000	VALADAO FOR CONGRESS	CA	General 2024	Republican
2/1/2024	$4,000	MIKE BOST FOR CONGRESS COMMITTEE	IL	Primary 2024	Republican
2/1/2024	$1,000	JIMMY PANETTA FOR CONGRESS	CA	Primary 2024	Democratic
2/6/2024	$2,500	RICHARD E NEAL FOR CONGRESS	MA	Primary 2024	Democratic
2/6/2024	$1,000	FRIENDS OF DUSTY JOHNSON	SD	Primary 2024	Republican
2/29/2024	$1,000	TAMMY BALDWIN FOR SENATE	WI	Primary 2024	Democratic
3/6/2024	$2,000	ANGIE CRAIG FOR CONGRESS	MN	Primary 2024	Democratic
3/6/2024	$1,000	SHARICE FOR CONGRESS	KS	Primary 2024	Democratic
3/6/2024	$1,000	MARIE FOR CONGRESS	WA	Primary 2024	Democratic
3/6/2024	$1,000	FRIENDS OF JAHANA HAYES	CT	Primary 2024	Democratic
3/6/2024	$1,000	ANDREA SALINAS FOR OREGON	OR	Primary 2024	Democratic
3/6/2024	$2,000	CARAVEO FOR CONGRESS	CO	Primary 2024	Democratic
3/6/2024	$2,000	NIKKI FOR CONGRESS	IL	Primary 2024	Democratic
3/7/2024	$1,500	BOB CASEY FOR SENATE INC	PA	Primary 2024	Democratic
3/7/2024	$1,000	FRIENDS OF DUSTY JOHNSON	SD	Primary 2024	Republican
3/7/2024	$1,000	JOHN DUARTE FOR CONGRESS	CA	Primary 2024	Republican
3/12/2024	$1,000	FEENSTRA FOR CONGRESS	IA	Primary 2024	Republican
3/19/2024	$1,000	ARKANSAS FOR LEADERSHIP PAC	AR	Primary 2024	Republican
3/20/2024	$1,500	HUIZENGA FOR CONGRESS	MI	Primary 2024	Republican
3/20/2024	$1,000	JIMMY PANETTA FOR CONGRESS	CA	Primary 2024	Democratic
3/21/2024	$1,000	ADRIAN SMITH FOR CONGRESS	NE	General 2024	Republican
3/22/2024	$1,000	ANGUS KING FOR US SENATE CAMPAIGN	MN	Primary 2024	Independent
4/11/2024	$1,000	FISCHBACH FOR CONGRESS	MN	Primary 2024	Republican
4/15/2024	$1,000	DAN NEWHOUSE FOR CONGRESS	WA	Primary 2024	Republican
4/16/2024	$1,000	DON DAVIS FOR NC	NC	Primary 2024	Democratic
4/17/2024	$5,000	AMY KLOBUCHAR VICTORY COMMITTEE	MN	General 2024	Democratic
5/14/2024	$1,000	NIKKI FOR CONGRESS	IL	General 2024	Democratic
5/16/2024	$1,000	FEENSTRA FOR CONGRESS	IA	Primary 2024	Republican

FINANCIAL STATEMENT
Sep-24

Beginning Balance	**$**	**94,062.04**
Receipts		
Contributions from Individuals	$	60,770.00
Contributions from Federal PACs	$	40,500.00
Refunds	$	1,000.00
Other Receipts		
	$	**102,270.00**
Disbursements		
Contributions to Federal Candidates	$	125,000.00
Operating Expenses	$	2,766.95
Share of Operating Expenses		
	$	**127,766.95**
Ending Balance	**$**	**68,565.09**

Date	Amount	Committee Name	State	Election Period	Party
5/16/2024	$1,000	SIMPSON FOR CONGRESS	ID	Primary 2024	Republican
5/21/2024	$1,000	DEB FISCHER FOR US SENATE INC	MT	General 2024	Republican
6/3/2024	$1,000	FISCHBACH FOR CONGRESS	MN	Primary 2024	Republican
6/4/2024	$2,500	BARRY MOORE FOR U.S. CONGRESS	AL	General 2024	Republican
6/4/2024	$1,000	IOWANS FOR ZACH NUNN	IA	General 2024	Republican
6/4/2024	$1,000	LAHOOD FOR CONGRESS	IL	General 2024	Republican
6/5/2024	$1,000	VAN DREW FOR CONGRESS	NJ	General 2024	Republican
6/12/2024	$1,000	ERIC SORENSEN FOR ILLINOIS	IL	General 2024	Democratic
6/13/2024	$2,500	2024 THUNE REPUBLICAN SENATE VICTORY	SD	General 2024	Republican
6/13/2024	$1,000	DAN NEWHOUSE FOR CONGRESS	WA	General 2024	Republican
6/13/2024	$2,500	MARIE FOR CONGRESS	WA	Primary 2024	Democratic
6/25/2024	$1,000	PAT RYAN FOR CONGRESS	NY	General 2024	Democratic
6/25/2024	$1,500	TERRI SEWELL FOR CONGRESS	AL	General 2024	Democratic
7/9/2024	$1,000	LAHOOD FOR CONGRESS	IL	General 2024	Republican
7/11/2024	$1,000	TEXANS FOR JODEY ARRINGTON	TX	General 2024	Republican
7/23/2024	$1,000	DAVID ROUZER FOR CONGRESS	NC	General 2024	Republican
7/23/2024	$1,000	MARC FOR US INC	NY	General 2024	Republican
7/25/2024	$2,000	ANGIE CRAIG FOR CONGRESS	MN	Primary 2024	Democratic
7/30/2024	$5,000	BENNET FOR COLORADO	CO	Primary 2028	Democratic
7/30/2024	$5,000	BENNET FOR COLORADO	CO	General 2028	Democratic
7/30/2024	$5,000	MIKE CRAPO FOR US SENATE	SD	Primary 2028	Republican
7/30/2024	$5,000	MIKE CRAPO FOR US SENATE	SD	General 2028	Republican
8/6/2024	$1,000	HEARTLAND VALUES PAC	SD	General 2024	Republican
8/29/2024	$2,500	TEXANS FOR JODEY ARRINGTON	TX	General 2024	Republican
9/10/2024	$2,500	DON DAVIS FOR NC	NC	General 2024	Democratic
9/11/2024	$1,000	JOSH HARDER FOR CONGRESS	CA	General 2024	Democratic
9/17/2024	$1,000	IOWANS FOR ZACH NUNN	IA	General 2024	Republican
9/18/2024	$4,000	LUCAS FOR CONGRESS	OK	General 2024	Republican
9/18/2024	$1,000	DEREK SCHMIDT FOR CONGRESS	KS	General 2024	Republican
9/19/2024	$1,500	FRIENDS OF DON BEYER	VA	General 2024	Republican
9/27/2024	$2,500	MIKE ROGERS FOR CONGRESS	AL	General 2024	Republican
10/31/2024	$2,500	FEDORCHAK FOR ND	ND	General 2024	Republican
TOTAL	$119,500				

Emerging Issues

AG INVESTMENT FOR AMERICA

Following the global supply chain disruptions caused by the pandemic and the U.S. trade turmoil with China, there has been growing interest in securing domestically sourced agricultural products. Recognizing the need to bolster American growers and incentivize businesses to prioritize domestic sourcing, the following proposal outlines a tax credit for businesses sourcing domestically produced agricultural commodities. This proposal aims to strengthen markets for growers, promote domestic manufacturing investment and enhance the security of the U.S. food supply chain.

OBJECTIVE

Provide an incentive for businesses (including cooperatives) operating in American markets to increase their investment in agricultural inputs from U.S. growers. By encouraging greater domestic sourcing, the proposal seeks to achieve the following benefits:

- Reducing market volatility across agricultural sectors by boosting domestic demand for American agricultural inputs.
- Shifting businesses from foreign to more domestic investment and capital expenditure expansion in the U.S.
- Decreasing reliance on imports, enhancing the security and resiliency of the U.S. food supply chain.
- Alleviating supply chain pressures and product shortages resulting from over-reliance on foreign markets.

PROPOSAL

Tax credit to qualifying businesses for purchasing agricultural commodities sourced from American growers and used in food and beverage production or manufacturing processes in the United States.

Key design features include:

- Qualifying businesses include those using agricultural inputs to create products intended for human consumption.
- Businesses must source over 50% of their agricultural products from domestic growers to be eligible for the credit.
- The credit can be used to offset federal tax liability, up to 50% after considering all other credits and deductions.
- The credit is calculated as 25 percent of the ratio of the business's costs incurred in purchasing American-grown agricultural commodities to the total costs incurred for all agricultural commodities used in the production process.
  - Costs for products without domestic equivalents are excluded.
  - Specialized products with geographical indicators may fall into this category.

EXAMPLE

A business purchases **$100** worth of agricultural commodities with

$80 from U.S. growers

and

$20 in imports

Meeting the 50% minimum domestic sourcing requirement, the business **qualifies for the domestic manufacturing tax credit.**

The calculation is as follows:

$100	×	**25%**	×	**$80/$100**	=	**$20**
total agriculture purchases		maximum credit amount		ratio of US to non-US agriculture purchases		Tax Credit

The tax credit provides a strong financial motivator for businesses to shift their purchasing behavior and source agricultural inputs domestically. It generates more demand for crops grown by American farmers.

By promoting domestic sourcing, the tax credit can help

- Mitigate volatility in agricultural sectors
- Enhance food supply chain security
- Stimulate domestic manufacturing investment
- Reduce over-reliance on foreign markets

The tax credit presents an opportunity to strengthen and enhance the mutually beneficial relationship between American farmers and the businesses that help the farmers' bounty reach their ultimate customer – the consumer.

Learn more at AgInvestmentForAmerica.com

ANALYSIS OF AN AGRICULTURAL SOURCING TAX CREDIT

BART L. FISCHER
JOE L. OUTLAW

AG INVESTMENT FOR AMERICA

JUNE 2024

EXECUTIVE SUMMARY

Following the U.S. trade war with China and the global supply disruptions caused by COVID-19, there has been growing interest in domestically sourced agricultural products. One potential avenue to achieve greater domestic supplies is to establish a tax credit to incentivize and reward purchases of domestically grown U.S. agricultural products. The Ag Investment for America coalition has proposed a new domestic agricultural tax credit to increase demand for American farm products while providing food and beverage manufacturers new motivation to shift more of their supply chain to domestic sources. In this report, we provide an overview of the tax credit, explore the need for such a credit, and provide an initial look at the potential impact on various segments of the agricultural supply chain.

As proposed by the coalition, the benefit would be conferred to qualifying businesses through a new tax credit for purchasing raw agricultural commodities sourced from American growers that are then used in domestic production and manufacturing processes. The credit is equal to 25% multiplied by the ratio between: (1) the business's costs incurred in the purchase of American-grown raw agricultural commodities for the purposes of manufacturing, and (2) the business's total costs incurred in the purchase of raw agricultural commodities used in its production process (i.e., total costs incurred for U.S. agricultural products plus total costs incurred on purchases of foreign agricultural imports).

In August 2022, we were asked by early coalition supporters to analyze a conceptional framework. Our analysis found that the conceptual tax credit essentially serves to increase output. Holding all else equal, increasing output is achieved by increasing use of all inputs. In other words, the concept's stated goal of expanding use of domestic inputs would very likely be achieved.

Interestingly, while the design of the conceptual tax credit might intuitively be expected to decrease use of imported raw agricultural commodities in manufacturing food products, this expected decrease in foreign agricultural commodity purchases is not realized. One vulnerability of the concept was that it may lead to the displacement of imported inputs, drawing the ire of international competitors. According to our analysis, the after-tax profits are expected to be deployed in the additional use of *all* inputs. In other words, a rising tide lifts all boats. We also observe that the incentive design rewards existing domestic consumers of U.S. agricultural commodities while also incentivizing additional purchases, avoiding competitive conflict between current consumers of U.S. agricultural commodities and new entrants. We also note the connection to ongoing concerns about greenhouse gas mitigation and the impact this proposal could have on reducing supply chain footprints due to reduced need for international transport.

Finally, while our analysis focused on the aggregate impact of the conceptual tax policy change to the industry as a whole, it is also important to note that the change could have significant differential impacts on the individual firms involved. For those firms directly impacted by the conceptual tax change, increased production would lead to other economic benefits in turn – for example, an increase in capital investment, additional investments in workforce and job creation and retention, and a new effort to onshore critical portions of supply chains. In addition, the newly spurred production could also have various indirect ripple effects throughout the economy as well, impacts that are currently being evaluated and are due for release in Fall 2024.

TAX CREDIT OVERVIEW

Over time, various parties have explored the possibility of establishing a tax credit to incentivize/reward purchases of domestically grown U.S. agricultural products. The most recent version is a proposal brought forward by the Ag Investment for America coalition. This report provides an overview of the coalition's proposal, a summary of research on similar proposals, a discussion of the justification and need for such a proposal, and an overview of the potential impact on various segments of the agricultural supply chain.

PURPOSE

The purpose of a domestic agricultural tax credit is to provide a behavioral/financial incentive for businesses who operate in U.S. markets to maintain and increase investment in domestic sourcing of agricultural inputs from U.S. growers. This concept is designed to increase demand for American farm products, while providing the business community new motivation to shift more of their supply chain to domestic sources. Onshoring a greater portion of agricultural production materials and food/beverage ingredients brings with it many benefits, including:

- Less volatility across agricultural sectors by providing a boost in demand here at home.
- A reason to shift from foreign investment to domestic investment, including CAPEX expansion.
- Reduced need for utilization of imports from foreign markets, which increases our ability to ensure the security of our food supply chain through increased domestic sourcing.
- Eased supply chain pressures resulting from an over-reliance on or over-utilization of foreign markets.
- Greater certainty regarding the practices and inputs used to produce commodities including crop protection products, technology, and sustainability practices.
- Increased direct, indirect, and induced impacts including increased domestic economic output and U.S. jobs.

These are discussed in greater detail later in this report. Regarding economic impacts – including direct, indirect, and induced impacts – that analysis is ongoing with completion slated for Fall 2024.

STRUCTURE

The benefit would be conferred to qualifying businesses through a new tax credit for purchasing raw agricultural commodities sourced from American growers that are then used in domestic production/manufacturing processes. A qualifying business is any business that uses raw agricultural inputs in their production and/or manufacturing process to create a final product that is intended for human consumption (i.e., food and beverage).

The credit is equal to 25% multiplied by the ratio between: (1) the business's costs incurred in the purchase of American-grown raw agricultural commodities for the purposes of manufacturing, and (2) the business's total costs incurred in the purchase of agricultural commodities used in its production process (i.e., total costs incurred for U.S. agricultural products + total costs incurred on purchases of foreign agricultural imports). The credit is then multiplied by the total costs incurred for agricultural products to derive the dollar value of the credit.

Total costs incurred excludes any costs for products that the business demonstrates could not have been substituted with a similar American-grown product. This ensures that a business is not penalized for purchasing products that have no domestic equivalent, and thus the business has no choice but to source from foreign markets. This comes into play with specialized products with limited cultivation in the United States (e.g., coffee and bananas) or that have geographical indicators (i.e., some sort of specialized hops that can only be grown in a certain area).

A business/taxpayer shall not be eligible for the credit if 50% or more of total costs incurred are excluded because it demonstrates that they could not have been substituted with a similar made American-grown agriculture input (i.e., to qualify, you must source over 50% of the materials used in your production process from domestic growers).

Finally, the credit:

- May be used against a business's federal tax liability.
- Is limited to $100 million for any taxpayer for any one year. Effectively, if you are purchasing exclusively domestic commodities (i.e., maximizing the 25% credit), anyone purchasing more than $400 million annually will be limited by this provision (i.e., $400 million x 25% = $100 million).
- 50% must be purchased domestically to be eligible.
- Can be used to offset up to 50% of the business's federal tax liability after all other credits and deductions have been taken.
- Unused credits may be carried forward for up to five years.

EXAMPLE

A business buys $1,000,000 worth of agricultural commodities for their production process, $800,000 of which is sourced from U.S. growers, with the remaining $200,000 from purchases of imports. In this year, the business easily meets the requirement that at least 50% of its agricultural purchases come from domestic growers, allowing it to qualify for the credit. In this case, the business takes the $800,000 domestic cost and divides it by its $1,000,000 overall cost to get 0.8. It then multiplies 0.8 by the 25% credit resulting in a 20% credit that can be used against its total tax liability.

Mathematically, this would look like:

- 25% x (value of domestically sourced agricultural inputs/value of total agricultural inputs) = credit value
- 25% x ($800,000/$1,000,000) = an 20% tax credit
- 20% x $1,000,000 = $200,000

The descriptive example above attempts to demonstrate the compelling design feature of a credit structured in this manner, in that it becomes more valuable to the business the more it invests in domestic agricultural sources. To maximize the 25% credit, a business must purchase 100% of the agricultural inputs it uses in its production process from domestic sources. Thus, the credit is intended to create a strong financial motivator for businesses to shift their behavior as it relates to where they source their ingredients. It rewards those that choose to source the bulk of their raw agricultural materials from American growers, while fostering more demand for the crops grown by American farmers.

$1,000,000	×	**25%**	×	**$800,000/ $1,000,000**	=	**$200,000**
total agriculture purchases		maximum credit amount		ratio of US to non-US agriculture purchases		Tax Credit

QUANTITATIVE IMPACTS

The details of the concept presented a number of challenges to traditional applied quantitative approaches to policy analysis. The concept fundamentally consisted of a non-linear, quantity-based tax credit, which will change the behavior of food and beverage manufacturers in a manner not reflected in historical data. The large-scale structural models (e.g., those operated by the Food and Ag Policy Research Institute (FAPRI) at the University of Missouri and USDA's Economic Research Service) often used for policy analysis were not able to adequately capture the effect of a new tax credit on quantities of raw agricultural commodities demanded by food and beverage manufacturers. Such an approach would require overly simplistic assumptions regarding shifts in derived demand for raw agricultural commodities.

As a result, we specified a theoretical model of an aggregate food and beverage products industry profit maximization. This general model reflected, as special cases, the current and concept scenarios. This model was calibrated under the current policy using then-current data. Then, the model was solved under the alternative policy scenario, with the solution reflecting changes in quantities of aggregate domestic and imported raw agricultural commodities. The following outlines the quantitative results of our analysis under the highest confidence parameterization of the model (changes in per annum values):

Table 1. Summary of Annual Impacts of Conceptual 25% Agricultural Supply Chain Tax Credit.

25% Tax Credit Scenario	U.S Dollar ($)	Percent (%)
Domestic raw ag commodity purchases	+$16.8M	+0.02%
Foreign raw ag commodity purchases	-$0.00091M	
Food and beverage products output	+$20.1M	+0.002%
After-tax profits of F&B manufacturers	+$1,123.6M	+2.11%
Gov. tax revenue (from this source)	-$1,318.6M	-22.28%

Source. Fischer, B.L., J.L. Outlaw, and H.L. Bryant. "Evaluating a Domestic Agricultural Tax Credit Concept." August 2022.

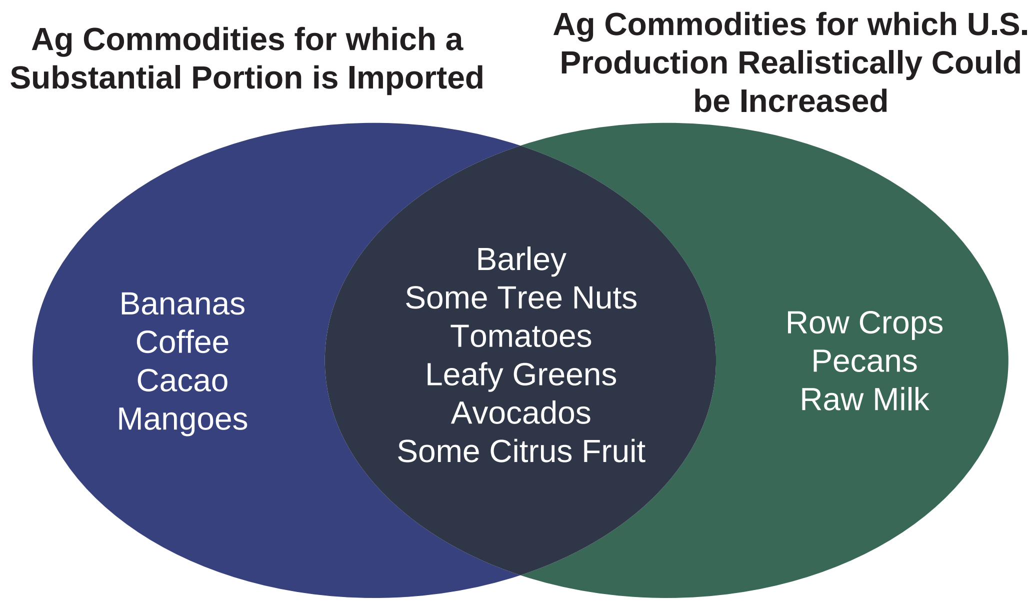
The changes in raw agricultural commodities purchases projected above are mediated mostly by increases in quantities of food products manufactured and marketed. One benefit of the conceptual tax credit comes from the increase in realized after-tax profits for a given level of production, which would free up resources for further capital investment and result in additional positive effects on our economic projections. The consequence of this is that, after adjustments to a new equilibrium (including a return to an equilibrium rate of return for the industry), the food product manufacturing industry will increase output. Holding all else equal, increasing output is achieved by increasing use of all inputs. In other words, the concept's stated goal of expanding use of domestic inputs would very likely be achieved, leading to positive economic impacts for direct and indirect beneficiaries of the credit along the entirety of the production and manufacturing supply chain.

Despite extensive efforts, the model used in this analysis simply is not appropriate for quantifying the increases in quantities employed of individual domestic raw ag commodities. However, because of the combined effects of the phenomena described above, we know that:

- The largest increases would accrue to commodities that are already largely domestically sourced, such as raw milk.
- The smallest increases would be for commodities that are already largely foreign sourced, such as certain fruits and vegetables, and tropical commodities. Indeed, the incentives will be the smallest for firms that heavily use such commodities. Moreover, such commodities were likely largely foreign sourced because foreign producers have a competitive advantage in their production, and food product manufacturers probably have limited ability to substitute with a domestic source.
- There will be a sweet spot for increasing the *proportion* of a raw agricultural commodity that is domestically sourced, lying at the intersection of the set of raw agricultural commodities for which U.S. food product manufacturers import a significant fraction, and the set of raw agricultural commodities for which U.S. production could realistically be increased (Figure 1).

While our analysis focused on the aggregate impact of the conceptual tax policy change to the industry as a whole, it is also important to note that the change could have a significant impact on the individual firms involved. For those firms who utilize (or intend to utilize) the list of products in Figure 1 for which U.S. production realistically could be increased, this change would likely incentivize additional production. That production would lead to other economic benefits in turn, both direct and indirect. For example, direct impacts would likely include an increase in capital investment, additional investments in workforce and job creation and retention, and new efforts to onshore critical portions of supply chains. In addition, the newly spurred production could also have various indirect effects, which could positively impact U.S. growers. Incentivizing a reshoring of domestic supply chains would lead to increased demand for domestically grown commodities and generate more jobs and more production of goods in the United States. In addition, indirect benefits are also likely to include increased farm production as a result of increased demand for domestically grown agricultural commodities. Such increased production levels could lead to elevated farm revenues and workforce activity. Other benefits could include an increase in the stability and resilience of our food supply chain, as well as enhanced food security for the United States. We discuss these benefits in detail later in this report.

Figure 1. Intersection of Raw Agricultural Commodity Imports & Domestic Production.



POLICY CONSIDERATIONS

INCENTIVE STRUCTURE

When designing a tax credit, it can take a number of forms and serve a number of purposes. In the case of a domestic sourcing tax credit, it can be used to reward firms that already use the largest proportions of domestic raw agricultural inputs (e.g., manufacturers of dairy products). By contrast, it can be used to incentivize the purchase of additional domestic raw agricultural commodities, changing the behavior of those who currently use little-to-no domestic inputs.

While it may be tempting to focus on the latter – arguing that it provides the largest marginal impact – it could end up providing a competitive advantage over an existing business that had already adopted the behavior the incentive is designed to address. This can result in a considerable amount of animosity. Research has shown that it can also result in established businesses changing their behavior simply to become eligible for the incentive. As designed, this tax credit would do both: incentivize additional purchases of U.S.-grown commodities while also rewarding those who are already buying U.S.-grown commodities. In our opinion, this design is very balanced.

TRADE

The design of the proposed tax credit might intuitively be expected to decrease use of imported raw agricultural commodities in manufacturing food products. However, because of the forces described above, this expected decrease in foreign agricultural commodity purchases is not realized. The sector's motivation to reduce the proportion of imported raw agricultural commodities used (to maximize the tax credit) is essentially perfectly balanced by its motivation to use more of all inputs in order to increase output in response to increased after-tax profits. While it might not be obvious, this is perhaps one of the most significant findings of our analysis. One vulnerability of the concept was that it may lead to the displacement of imported inputs, drawing the ire of international competitors. According to our analysis, as noted above, the after-tax profits are expected to be deployed in the additional use of *all* inputs.

CLIMATE

Farmers are under enormous pressure to help address a number of societal concerns. For example, they currently are being asked to adopt greenhouse gas reduction strategies either by providing offsets via implementation of carbon-sequestering practices or by reducing their own carbon footprint through reduced fuel and fertilizer use, etc. Many U.S. food companies are finding it important to their businesses to find out the carbon emissions from the producers from which they source their raw ingredients. From a producer's perspective, this is an added burden with little current financial incentive to provide the information. By contrast, this concept will likely reward domestic producers with greater demand for their products. Increased farm revenues could lead to new investments in sustainable and regenerative farming practices and technologies. Perhaps more notable, the concept could effectively further limit global carbon emissions and supply chain footprints due to a reduced need for transoceanic shipping and air transport. Studies have shown that transportation accounts for nearly 20% of total food-systems emissions across the globe.[1]

[1] Li, M., Jia, N., Lenzen, M. *et al.* Global food-miles account for nearly 20% of total food-systems emissions. *Nat Food 3*, 445–453 (2022). https://doi.org/10.1038/s43016-022-00531-w.

JUSTIFICATION AND NEED

While this report discusses a number of positive impacts that can accrue as a result of this proposed tax credit, this section further explores the justification and need for such a credit.

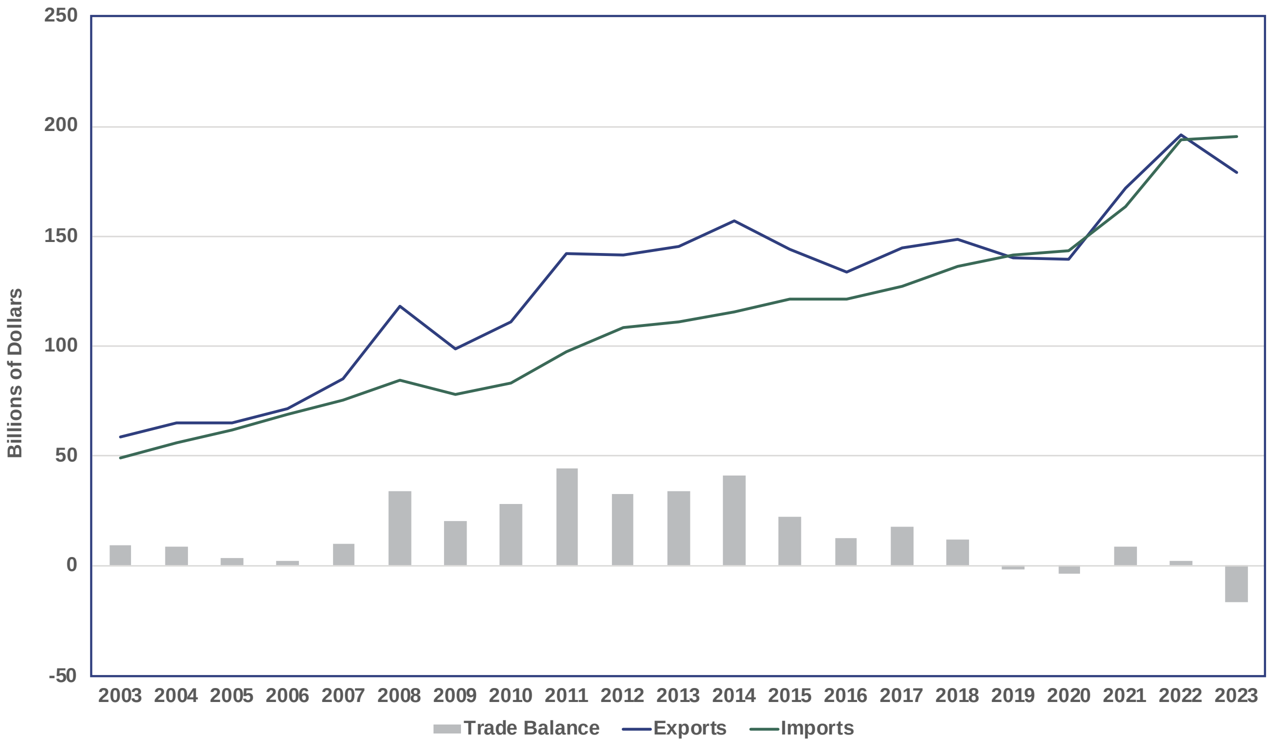
HEAVY RELIANCE ON GLOBAL TRADE

As a nation, the United States relies heavily on agricultural trade. On average, we export about 20% of the value of agricultural production in the United States each year, and exports count for an even larger share of net farm income. We also rely heavily on agricultural imports, with balances approaching almost $200 billion in 2023, an almost 4-fold increase over the last 20 years. Appendix A provides an overview of U.S. agricultural imports (including as a share of domestic consumption) and exports (as a share of domestic production).

Over time, our agricultural trade balance has shifted (Figure 2). While we had a positive balance of trade in 2011 of almost $45 billion, that has shifted to a deficit of almost $17 billion in fiscal year 2023. While there are a number of very complex dynamics that explain this relationship – not all of which are negative – it nonetheless highlights growing pressure for U.S. agriculture in the global marketplace. Any expansion of domestic use/consumption necessarily means less reliance on exports.

We take domestic consumers of raw agricultural commodities for granted at our own peril. It's often said that once infrastructure is lost, you don't get it back. An interesting case study in agriculture to illustrate this point is that of domestic cotton textile mills. While this proposed credit applies to food and beverage manufacturers only, cotton is still a cautionary tale. According to USDA's Economic Research Service (ERS):

Figure 2. U.S. Agricultural Trade, Fiscal Years 2003-2023.



Source. Author analysis of USDA-ERS Foreign Agricultural Trade of the United States (FATUS) data.

USDA's December 2023 U.S. cotton mill use estimate for 2023/24 was reduced to 1.9 million bales, the smallest in nearly 140 years. If realized, cotton use by domestic textile mills would reach its lowest level since 1884/85 when U.S. mill use was estimated at approximately 1.7 million bales [Figure 3].

U.S. cotton mill use has been mostly on a downward trend since the early 1940s when cotton use peaked during World War II. Synthetic fibers were soon developed and became a substitute for some cotton mill demand. ...

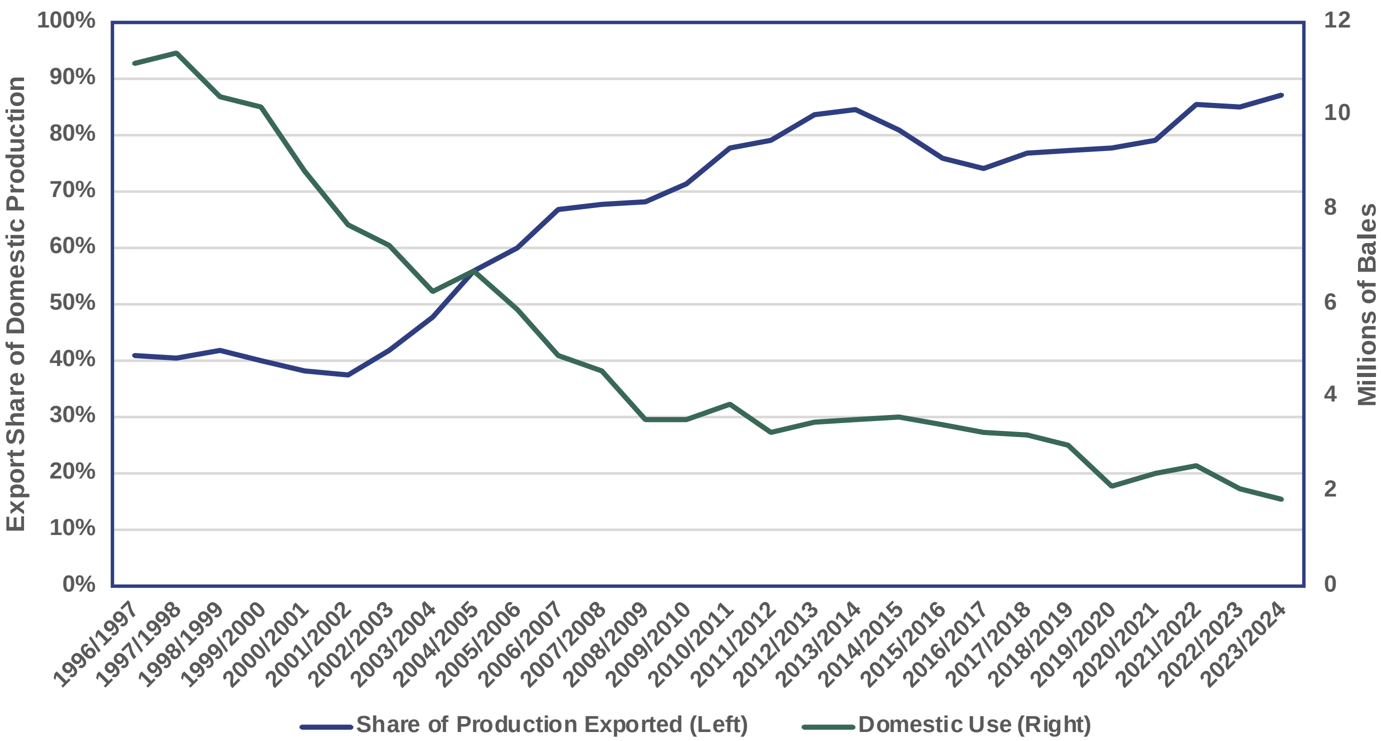
The downward trend was dramatically reversed for a period, however, as U.S. industry efforts promoted the use of cotton. Programs, such as the Caribbean Basin Initiative (CBI) and later the North American Free Trade Agreement (NAFTA), fostered U.S. cotton yarn and fabric production. ... As a result, U.S. cotton mill use rose considerably.

Cotton mill use peaked once again in the United States in the mid-1990s before the World Trade Organization (WTO) Agreement on Textiles and Clothing began phasing out quotas on developed country textile and apparel product imports. By the early 2000s, cotton mill use in several countries—particularly China—expanded to take advantage of the phased-out quotas on cotton products exported to the United States.[2]

This dynamic has made U.S. cotton growers even more reliant on export partners in countries like China. While those partnerships are vital, they aren't without significant challenges. They also exist against the backdrop of a broader trade dynamic with China in particular. When President Trump imposed tariffs on select items, including steel and aluminum imports, in 2018, China retaliated by imposing tariffs on hundreds of U.S. agricultural exports. As a result, the value of

[2] https://www.ers.usda.gov/webdocs/outlooks/108086/cws-23k.pdf?v=2162.8

Figure 3. U.S. Cotton Export Share of Domestic Production, 5-Year Moving Average.



Source. Author analysis of USDA's Production, Supply, and Distribution (PSD) data.

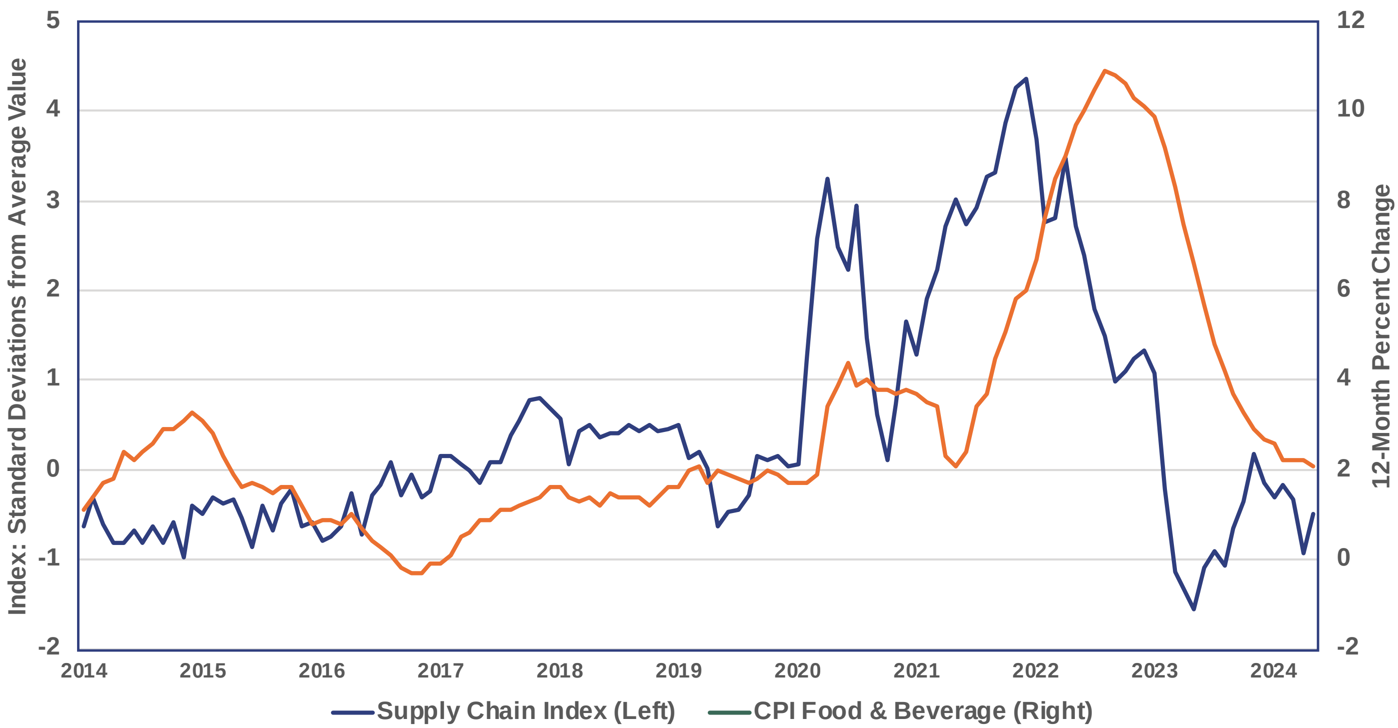
agricultural exports to China fell by 52.7% from 2017 to 2018, and export values in 2019 were still almost 30% below 2017 levels, which impacted our overall agricultural trade balance. This simply highlights the importance of bolstering domestic manufacturers of critical products like food and beverages. This also would help companies compete with international competitors around the globe. For example, China is investing tens of billions of dollars into its Belt and Road Initiative. By incentivizing the domestic purchases – alongside other ongoing and much-needed infrastructure investments – the proposal would help to strengthen national resilience.

GLOBAL SUPPLY CHAIN VULNERABILITY

Perhaps there is no bigger example of the vulnerability of supply chains – and the need for domestic food and beverage manufacturing – than the global pandemic. As noted in Figure 4, everything from virus-induced shutdowns to shipping delays resulted in enormous supply chain pressure. All of this, coupled with trillions in stimulus, resulted in considerable inflationary pressure, particularly on food and beverage products. This also translated to enormous increases in the cost of production for agricultural producers.

Importantly, this is not a call for trade protectionism. As economists, we can write all day long about the importance of and benefits from trade. But, no one can dispute that there is an incredible amount of uncertainty in the global marketplace. With that said, we know that many companies rely on imports, especially for key ingredients/products. We also know that U.S. agriculture still needs access to export markets, because we produce more than we consume domestically. The proposed tax credit would help maintain a healthy balance between global engagement and ensuring we maintain a robust food and beverage manufacturing sector at home. Our results show this approach incentivizes domestic growth rather than penalizing imports.

Figure 4. Global Supply Chain Pressure and Food/Beverage Inflation.



Source. Federal Reserve Bank of New York, Global Supply Chain Pressure Index (GSCPI) and U.S. Bureau of Labor Statistics, Food and Beverages in U.S. City Average, All Urban Consumers, Not Seasonally Adjusted.

BENEFICIARIES

According to USDA Economic Research Service (ERS) analysis of Department of Commerce data, more than 41,000 food and beverage manufacturers were operating in the United States in 2021, using the latest data from April 2023 (Figure 5).

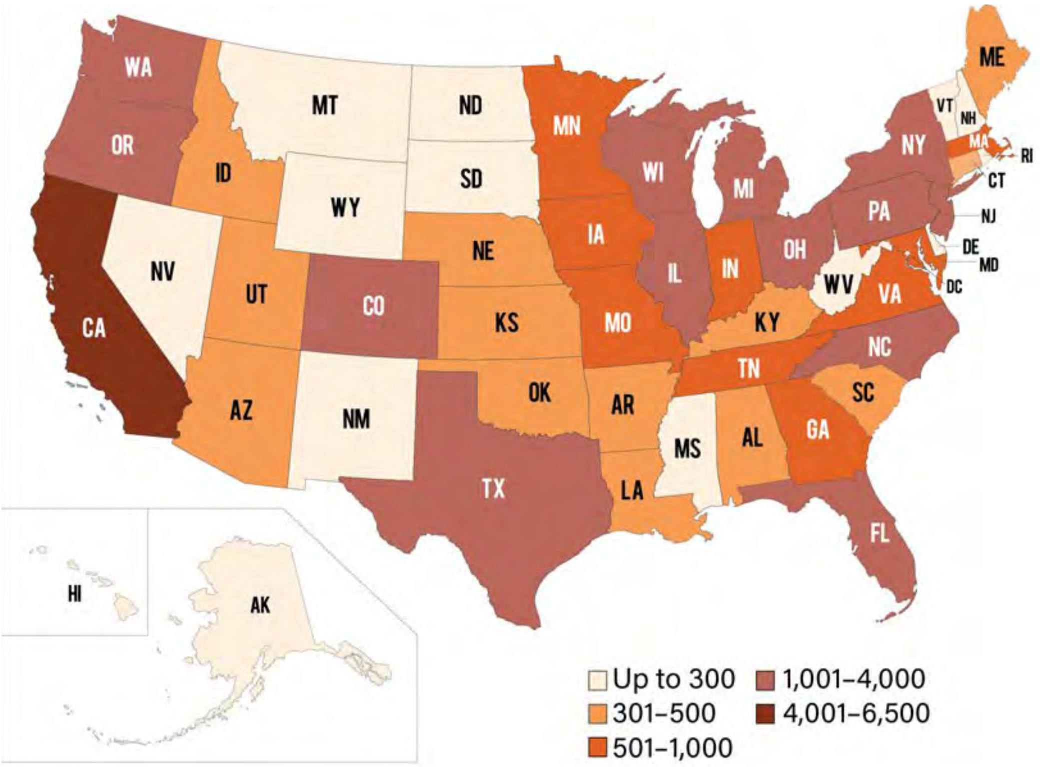
As noted earlier, we produce and import a diverse array of agricultural commodities. Those commodities are also reflected in the various components of the food sector as noted in Figure 6.

Importantly, not all of these more than 41,000 firms will be eligible. To be eligible, as noted above, they must be using a raw agricultural commodity to manufacture foods and beverages intended for human consumption. Regardless, we expect the credit to impact a number of facilities across the country, from small mom-and-pop operations to large publicly traded companies as discussed below.

AGRICULTURAL PRODUCERS

Agricultural producers stand to benefit directly through expanded purchases of raw agricultural commodities. Agricultural output is expected to increase by approximately $16.8 million per year. It is much harder to quantify the impact that the credit will have on stabilizing supply chains (i.e., shoring up the domestic customer base for U.S.-grown agricultural commodities intended for human consumption), but it will unquestionably help. Producers can also benefit directly to the extent they are involved in businesses that manufacture food and beverage products.

Figure 5. Food and Beverage Manufacturing Establishments, 2021.



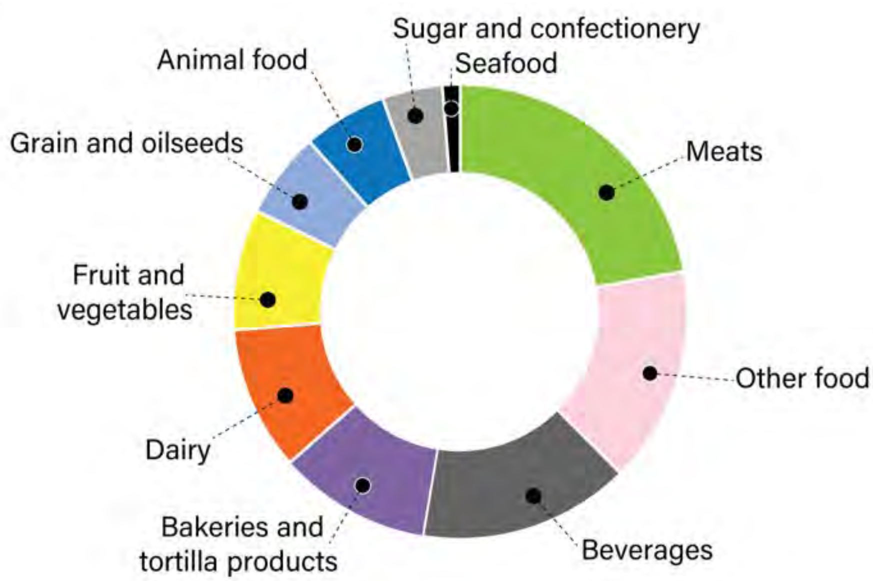
Source. USDA-ERS using data from U.S. Department of Commerce, Bureau of the Census, 2021 County Business Pat-terns; data as of April 2023.

FOOD AND BEVERAGE MANUFACTURERS

It arguably goes without saying that food and beverage manufacturers would benefit – seeing as they are the direct beneficiaries of the credit – but it is considerably more nuanced than that. The following discusses the unique impacts of the tax credit by type of food and beverage manufacturer.

- *U.S. Agricultural Cooperatives*: as noted above, one of the ways that producers can benefit directly is for them to be involved in businesses that manufacture food and beverage products. One of the most prominent examples of grower ownership is that of agricultural cooperatives. While cooperatives are known for their marketing or input supply roles, there are many prominent examples of the cooperative manufacturing of food and beverages, ranging from dairy (e.g., butter) to orange juice. It is important to note that the proposed credit deals explicitly with cooperatives, making it clear that benefits can flow directly to individual producer owners.
- *Small Businesses*: while we have little data to quantitatively assess the impact, the proposed tax credit has the potential to significantly (and positively) impact small businesses. Every small business that manufactures food or beverages – from craft brewers to bakers – stand to benefit. Their communities also stand to benefit as well. As local businesses invest the tax savings into expanding their business, it spurs (1) additional demand for agricultural commodities, (2) expanded employment in the local community, (3) economic wellbeing of other local businesses that support that food or beverage manufacturer, from cleaning services to local law firms, and (4) additional tax revenues that support local infrastructure such as streets, schools, and parks.
- *Large Publicly Traded Companies*: by sheer volume large publicly traded companies would likely have the largest aggregate impact on expanded purchases of domestic agricultural commodities. They also would arguably have similar impacts as small businesses in the communities in which they operate. But, by design, the coalition has chosen to limit how much larger companies can benefit by capping the credit value at $100 million per year. Accordingly, on a marginal basis, large publicly traded companies would benefit the least.

Figure 6. Components of Food and Beverage Manufacturing: Value Added by Industry, 2021.



Source. USDA-ERS using data from U.S. Department of Commerce, Bureau of the Census, 2021 Annual Survey of Manufactures; data as of December 2022.

CONSUMERS

Finally, while it may not be obvious, consumers benefit as well. For example, a survey from the United Soybean Board shows that 78% of consumers say it's important to purchase U.S.-grown food.[3] With a stated purpose of strengthening the supply of domestic commodities, the tax credit comports with the needs and desires of U.S. consumers.

[3] https://www.unitedsoybean.org/hopper/survey-says-consumers-want-food-made-with-u-s-crops/

FREQUENTLY ASKED QUESTIONS (FAQS)

What problem or issue is this policy trying to solve?

The proposed tax credit provides an incentive for food and beverage manufacturers operating in the U.S. to increase their investment in agricultural inputs from U.S. growers and would free up critical resources for further capital improvements. This leads to economic growth, job creation and retention, contributing to a stronger economy overall.

What benefit will this provide to farmers/growers directly? How do farmers benefit?

Agricultural producers stand to benefit directly through expanded purchases of raw agricultural commodities. Agricultural output is expected to increase by approximately $16.8 million per year. It is much harder to quantify the impact that the credit will have on stabilizing supply chains (i.e., shoring up the domestic customer base for U.S.-grown agricultural commodities intended for human consumption), but it will unquestionably help. Producers can also benefit directly to the extent they are involved in businesses that manufacture food and beverage products.

How much food or ingredients are we importing currently, and will this change that dynamic?

The United States imported almost $200 billion in agricultural products in 2023. While not all of that was used in the manufacture of food or beverages, it does give a sense of the scope of agricultural imports. In aggregate, we expect the proposed tax credit to have a negligible impact on imports (instead, we anticipate the credit will incentivize additional domestic production). Certainly, we could see differential impacts on individual commodities, although some of these are very unlikely to be reduced or replaced because they are only grown overseas or meet some specific requirement of importers.

What will be the impact on levels of imported food?

Our analysis indicates the proposal will have a negligible impact on imports. The after-tax profits are expected to be deployed in the additional use of all inputs. In other words, a rising tide lifts all boats.

What international trade and WTO implications are there of this policy?

Our analysis suggests the proposed tax credit would have a negligible impact on imports. There are also countless examples where other countries are investing billions to bolster their own domestic economies – for example, China's Belt and Road Initiative.

What is the estimated cost?

Our analysis suggests the credit would exceed $1 billion per year. Importantly, that did not consider the economic activity (and resulting tax revenue) that would offset much of that cost. A true estimate of "cost" would need to account for additional tax revenue that would accrue from expanded economic activity. It is our understanding that the coalition is undertaking analysis to answer that question.

What is the estimated benefit to the agriculture industry and to the economy broadly?

We estimate that the tax credit will amount to more than $1.3 billion annually, with that amount being injected in the economy. We anticipate releasing a report Fall 2024 that explores the broader economic impact – including direct, indirect, and induced impacts – of the proposal. At a minimum, our analysis anticipates an additional $16.8 million in domestic raw agricultural commodity purchases. Beyond supporting American farmers, we anticipate the credit will have a number of other impacts that are less tangible and harder to quantify, including strengthening food security and national resiliency (including supply chains) through additional investment here at home.

ABOUT THE AUTHORS

Dr. Bart Fischer currently serves as the Co-Director of the Agricultural & Food Policy Center at Texas A&M University, as AgriLife Assistant Professor in the Department of Agricultural Eco-nomics, and as Senior Advisor for Federal Relations in the Office of the Vice Chancellor. Each spring he teaches agricultural and food policy to approximately 190 undergraduate students.

Before joining the university in September 2019, he served for more than 8 years at the Committee on Agriculture in the U.S. House of Representatives, most recently as the Deputy Staff Director & Chief Economist under the leadership of Chairman K. Michael Conaway (TX-11). During his time with the Committee, he was involved in virtually every major agricultural policy development in Washington, D.C., including helping craft and pass the 2014 and 2018 Farm Bills. Dr. Fischer holds bachelor's degrees from Oklahoma State University, a master's degree from Cambridge University, and a Ph.D. in Agricultural Economics from Texas A&M University. He is the 5th generation to be raised on his family's wheat, cotton, and cattle operation in Southwest Oklahoma, where he continues to be actively involved.

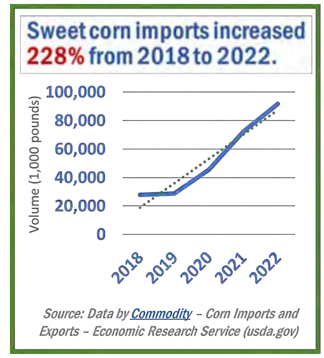
Dr. Joe Outlaw is a Regents Fellow, Professor & Extension Economist in the Department of Agricultural Economics at Texas A&M University. He also serves as the Co-Director of the Agricultural & Food Policy Center. The 2024 Farm Bill is his 8th to work on over his nearly 40-year career working in agricultural policy. He frequently interacts with members of Congress and key agricultural committee staff to provide feedback on the likely consequences of agricultural policy changes. His extension education and applied research activities are focused on assessing the impacts of farm programs, risk management tools, renewable energy, and climate change legislation on U.S. agricultural operations.

Dr. Outlaw has received numerous awards in excellence for his policy education and outreach activities and has been named a fellow by The Texas A&M University Board of Regents and the Western and Southern Agricultural Economics Associations. In 2015 he received the National Excellence in Extension award from the Extension Committee on Organization and Policy and the National Institute of Food and Agriculture, USDA for excellence in leadership, scholarship and innovative programming.

AG INVESTMENT
FOR
AMERICA

Support American Farmers and Consumers

Co-Sponsor H.R. 9349
American Consumer Awareness of National Source Act (American CANS Act)



A Growing Challenge: Imports of canned fruits and vegetables have risen dramatically in the past few years. The value of these imports has increased from $6.3 billion to $9.2 billion from 2018 to 2023. For example, one third of canned peaches consumed domestically are imported from China. Canned sweet corn imports increased by 228% between 2018 and 2022 while canned green beans increased 54% over the same period.

The unfair competition posed by imported canned goods, often produced under different standards, places domestic producers at a significant disadvantage. This not only jeopardizes the livelihoods of American farmers and manufacturers but also undermines the strength and sustainability of our nation's food security. School districts, U.S. military commissaries and those on fixed incomes rely on canned food to supply nutritious, shelf stable and cost-effective food staples. Allowing our foreign competitors to infiltrate these unique market channels creates significant food and national security issues.

What's worse, most Americans are unaware of where their canned food is coming from. Current law requires the source of these fruits and vegetables be disclosed, but the information is often placed on the back of the label mixed with other information.

A Simple Solution: H.R. 9349 updates the Tariff Act of 1930 and requires that the source of the fruit or vegetable be indicated on either the front or top of the metal can. This simple and elegant solution helps educate the consumer, while operating within current federal regulations. An educated consumer is then free to make the best choice for them and their families.

Help protect American food producers and educate consumers by updating a 94-year-old law by co-sponsoring H.R. 9349.

To Co-Sponsor H.R. 9349 the American CANS Act:

Please contact Taylor Reed in Representative Josh Harder's Office | Taylor.Reed@mail.house.gov

April 12, 2024

Speaker Mike Johnson
H-232, The Capitol
Washington, DC 20515

House Minority Leader Hakeem Jeffries
H-204, The Capitol
Washington, DC 20515

Chairman G. T. Thompson
Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

Rep. David Scott, Ranking Member
Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

Speaker Johnson, Minority Leader Jeffries, Chairman Thompson, and Ranking Member Scott,

Imported canned foods are threatening U.S. farmers, food companies and steel can makers! We urge Congress to take immediate action to address this concern by requiring more prominent labeling regarding the country where imported canned foods were produced. This will allow consumers to make informed choices about where their food is grown. More prominent wording on the label or the top of the can end for all imported canned foods will help solve this problem.

The influx of imported canned foods has had a detrimental impact on American food producers, particularly those engaged in canning various agricultural products. The unfair competition posed by imported canned goods, often produced under different standards, places domestic producers at a significant disadvantage. This not only jeopardizes the livelihoods of American farmers and manufacturers but also undermines the strength and sustainability of our nation's food security. School districts, U.S. military commissaries and those on fixed incomes rely on canned food to supply nutritious, shelf stable and cost-effective food staples. Allowing our foreign competitors to infiltrate these unique market channels creates significant food and national security issues.

The value of imported canned fruits and vegetables increased from $6.3 billion to $9.2 billion from 2018 to 2023. One third of canned peaches consumed domestically are imported from China. Canned sweet corn imports increased by 228% between 2018 and 2022 while canned green beans increased 54% over the same period. The China Canned Food Industry Association trumpeted the 19% increase in exports of canned foods to the U.S. in 2023 of approximately

700 million cans. These imports are no doubt at least partially responsible for U.S. food can production reaching the lowest level ever recorded by industry sources.

To address this issue and protect our domestic producers, we propose Congress requires prominent labeling for the country where canned foods are imported. Such wording, either on the front of the label or on the top end of every can, should clearly and easily convey information about the country of origin, enabling consumers to make informed choices when purchasing canned foods. This transparency is crucial for supporting our nation's agricultural economy and ensuring that consumers can actively contribute to the growth of American agriculture. Currently this information is hidden on the back of the can near the required distribution clause, which does not allow consumers to easily find it.

In addition to mandating prominent labeling on the front of the label or top of end of cans with the origin of imported canned foods, we urge you consider supporting legislation or initiatives that promote fair trade practices and safeguard the interests of American food producers. This may include strengthening trade agreements, imposing tariffs on unfairly traded goods, or incentivizing the purchase of domestically produced canned foods.

By taking decisive action on this matter, we can ensure the continued prosperity of American farmers and food producers, fostering a resilient and self-sufficient food industry.

We look forward to further conversations on this issue and our labeling proposal.

Sincerely,

Al Williams, *Chief Executive Officer*, **Bush Brothers & Company**
Rich Hudgins, *President and CEO*, **California Canning Peach Association**
Trudi Hughes, *President and CEO*, **California League of Food Producers**
Robert Gatz, *VP & General Manager*, **Can Corporation of America**
Robert Budway, *President*, **Can Manufacturers Institute**
Mark Howell, *President*, **Crider Foods, Inc.**
Tom Gordon, *President*, **Crown Food Packaging**
Stephen A. Hirzel, *President*, **Dei Fratelli (Hirzel Canning Company)**
Jay Friel, *President*, **S.E.W. Friel**
Joe Yanda, *President and CEO*, **Lakeside Foods**
Thomas Hunter, *Co-President*, **McCall Farms, Inc.**
Matt Strong, *President and CEO,* **Pacific Coast Producers**
Brian Reichart, *President and CEO*, **Red Gold**
Paul Palmby, *President and CEO,* **Seneca Foods**
Tom Snyder, *President*, **Silgan Containers**
Ernest Haynes, *President*, **Sonoco Metal Packaging**
Rob Huffman, *President Americas*, **Trivium Packaging**

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Trump claims 'powerful mandate,' Senate goes GOP

Donald Trump is headed back to the White House and he could have a sizable Republican majority in the Senate to help him confirm nominees and move his legislative priorities, notably an extension of expiring tax cuts.

"America has given us an unprecedented and powerful mandate," Trump declared in a victory speech early Wednesday. Ending on a note of unity, Trump also said that "success is going to bring us together" as a country.

Republican presidential nominee former President Donald Trump stands on stage with former first lady Melania Trump, as Lara Trump watches, at an election night watch party at the Palm Beach Convention Center, Wednesday, Nov. 6, 2024, in West Palm Beach, Fla. (AP Photo/Evan Vucci)

Vice President-elect JD Vance, who automatically becomes a leading candidate for the GOP presidential nomination in 2028, called Trump's victory the "greatest comeback in the history of the United States of America."

Trump also said he expected Republicans to win the House, although control of that chamber was still up in the air Wednesday morning. If Democrats were to seize control of that chamber, which Republicans currently control 220-212, Republicans could be forced to moderate their agenda significantly.

Still, Trump's sweeping victory Tuesday has big implications for many issues, including ones that Trump could potentially tackle without congressional action. Those include trade and immigration as well as regulatory reform. Trump has threatened to raise tariffs across the board and to carry out mass deportations of illegal immigrants. He also could take steps to roll back some Biden administration's regulatory actions at EPA and other agencies.

One big question for agriculture is what role Robert F. Kennedy Jr. and his allies will have in the new administration. Kennedy is a long-time vaccine skeptic, and he and his supporters are vocal critics of vegetable oils, ultraprocessed foods and the use of pesticides in agriculture. Kennedy is a strong proponent of regenerative agriculture.

Trump gave a shoutout to Kennedy in his victory speech. "He's going to help make America healthy again. … He wants to do some things, and we're going to let him get to it," Trump said.

Trump reiterated his admonition to Kennedy to stay out of energy policy. "Other than that, go and have a good time, Bobby," Trump said.

Trump ran up his numbers in rural areas from 2020 while significantly expanding his support among Latinos, helping him defeat Vice President Kamala Harris in Pennsylvania and Wisconsin and giving him significant leads in Nevada and Michigan as the vote count continued Wednesday morning.

"The enthusiasm for Trump in rural areas was real. … He's doing better than he'd ever done before," Barack Obama's 2012 campaign manager, Jim Messina, said on MSNBC. "The Democrats have a real rural problem."

The GOP was assured control of the Senate after Republican Bernie Moreno defeated Senate Ag member Sherrod Brown in Ohio, and Ag Committee Republican, Deb Fischer, won her re-election race in Nebraska. Earlier in the night, Republicans flipped the West Virginia seat vacated by the retiring Joe Manchin.

Republicans claimed a 52nd seat when The Associated Press declared Wednesday morning that Republican Tim Sheehy had unseated Sen. Jon Tester, D-Mont., an organic farmer and member of the Senate Agriculture Appropriations Subcommittee.

Republican challengers also were narrowly leading races against Democratic incumbents in Pennsylvania, Michigan, and Nevada.

In Wisconsin, Democratic Sen. Tammy Baldwin was narrowly leading Republican Eric Hovde with 97% of the vote counted.

In the House, numerous seats with significant agriculture were in play, and the incumbents were largely holding their own.

Democrat Josh Riley unseated House Ag Committee Republican Marc Molinaro in New York's 19th District. The race was one of the most expensive in the country.

But House Ag member Zach Nunn, R-Iowa, secured a second term against former USDA official Lanon Baccam in Iowa's 3rd District. Baccam had support from Ag Secretary Tom Vilsack.

Don Davis, one of four Democrats on the Ag Committee who voted for a GOP-led farm bill in May, narrowly led his race for a second term in North Carolina's 1st District against Republican Laurie Buckhout. This race became one of the most competitive for House Ag Democrats after redistricting.

An Illinois Democrat on House Ag who also voted for the farm bill, Eric Sorensen, won his re-election race, and another rural Democrat from that state, Nikki Budzinski, was leading in hers. House Ag Democrats Gabe Vasquez in New Mexico and Jahana Hayes in Connecticut also won their races.

In Nebraska's Omaha-based 2nd District, Republican Rep. Don Bacon narrowly leading Tony Vargas. Bacon has served on the House Agriculture Committee since 2017.

In Wisconsin's 3rd District, first-term Derrick Van Orden was ahead of Democrat Rebecca Cooke in his re-election bid.

In California, House Ag Committee Republican John Duarte and dairy farmer David Valadao, a member of the House Ag Appropriations Subcommittee, were leading in their races. Vote counts in California could continue for days.

Slaughterhouse ban, carbon pipeline measure fail

Denver voters soundly defeated a proposed slaughterhouse ban that would have closed the nation's largest lamb processor, Superior Farms. The processor, livestock groups and meatpacking worker unions mounted a $2.4 million campaign to fight the measure, which was sponsored by Pro-Animal Future, a group opposed to animal slaughter.

"Congratulations to the Superior Farms' employees, the Stop the Ban Protect Jobs campaign and the community of Denver for a decisive victory to protect a single business that was unfairly threatened as part of an electoral experiment by out of state animal rights radicals," Meat Institute President and CEO Julie Anna Potts said in a statement Tuesday evening.

In South Dakota, voters defeated a referred bill that would have set a surcharge and guidelines for carbon pipeline. With 75% of votes counted, the ballot question was failing 40% to 60%, meaning state voters opted to repeal Senate Bill 201.

The law would have allowed counties to require a $1 per foot surcharge on carbon dioxide pipelines for any tax year the operator receives a credit. It also included requirements for pipeline construction, such as setting a minimum depth.

Supporters of SB 201 outpaced opponents in funding throughout the campaign, with donors including ethanol plants relying on the Summit Carbon Solutions pipeline to lower their carbon footprint.

Opponents argued the bill would have reduced landowner rights and county control.

Veterinarians back bulk testing of milk for avian flu

Veterinarians are pushing USDA to move quickly in testing milk nationwide to get a handle on where the H5N1 virus is located so the outbreak can be better controlled.

The department announced last week it would begin conducting the tests, but it's not clear when that will begin or exactly how it will be carried out. USDA's Animal and Plant Health Inspection Service is working with vets and other stakeholders to come up with final guidance for the program.

In a statement, a USDA spokesperson said the department has "received significant interest from states who would like to have federal support for testing efforts, in addition to those who already have testing underway." USDA plans to issue guidance "soon."

Findings of the virus have ebbed and flowed during its path from Texas in March to an additional 14 states currently, most recently Utah. States where infected cows have been detected in the last 30 days also include California and Idaho.

"The bottom line is, it's incredibly difficult to understand fully a disease and control it, if you don't know where it is," Fred Gingrich, executive director of the American Association of Bovine Practitioners, told Agri-Pulse.

"We have to do some more rigorous testing, And it's past due that that gets done," he said. AABP has been working with other veterinary associations to urge swift implementation of the program. "We would like this to be implemented within the next 30 days in at least the top 15 dairy states in the U.S.," Gingrich said, with the remaining 35 states covered by the end of the year.

"I think that's doable," Gingrich said. "We have the capacity; the labs can do it. [USDA has] got to figure out all the little logistical details to make sure that it goes smoothly." He said Massachusetts and Colorado are testing all dairy farms, and "California is testing all premises within 10 kilometers of an infected premise."

Jamie Jonker, NMPF

U.S. Secretary of Agriculture Tom Vilsack appeared to indicate last week that testing would start in states where the virus has been detected recently or where any herds have been infected. Details, however, are still being worked out.

RJ Karney, senior director of public policy at the National Association of State Departments of Agriculture, said some states are eager to see the program rolled out while others are urging a more cautious approach.

The National Milk Producers Federation is working with a technical committee, including AABP and others, to provide advice to USDA on the program.

"Our role here at National Milk is to work with dairy farmers, cooperatives and processors to help make any larger testing program work as smoothly as possible at the farmer, co-op and processor level," Chief Science Officer Jamie Jonker said. NMPF is satisfied that USDA has the legal authority to test milk at the farm level.

Critical to the effort is allaying dairy farmers' concerns, Gingrich noted. "They're scared," he said. "They want to stay in business. They don't want to get the disease. But I think producers have to understand this is incredibly important. We are causing deaths of millions of chickens and disease in hundreds of thousands of cows, and we have to get ahead of it. We all have to unite and say we're going to eliminate this virus from the nation's dairy herd."

In announcing the program, Vilsack stressed the safety of food, in light of the detection of H5N1 in a backyard pig in Oregon late week, which was one factor in convincing USDA to roll out the testing program.

"Let's make sure everybody understands the milk is safe, the beef is safe, the pork is safe. There's no issue relative to the food supply at this point in time," he said.

Fred Gingrich

USDA said the strain of H5N1 on the Oregon farm "is not the strain that has been found in dairy cattle and other poultry facilities." While genetic sequencing for the pig is still underway, analysis of the poultry on the farm "indicates the virus is consistent with other strains associated with wild birds. It is H5N1, but not the strain that's been associated with cows."

USDA also said it was persuaded to announce the milk testing program following the success of Colorado's program that began in July after detection of avian flu in dairy herds there. There currently are no active cases in the state.

The rapid increase in infected herds in California, the largest milk-producing state, also played a role in the department's decision, Vilsack said.

The number of herds infected in the state has reached 233, more than half the nationwide total of 442.

Gingrich said USDA's voluntary herd testing program, which began in May, has had limited success tracking the virus.

"Initially, we were trying to get farms to take part" in the voluntary program, he said, but that has not made a big impact on stopping the spread of the disease.

Sixty-four herds in 15 states are enrolled in the program. Nearly half of those — 31 — are in Michigan. Nine are in New Mexico, six in Pennsylvania and three each in California and Iowa. In the rest of the states, one or two herds are enrolled.

There are 27,000 dairy herds in the U.S.

The U.S. Animal Health Association also said in a resolution adopted last month that USDA's April 25 order requiring testing of lactating dairy cows before they are moved to another state "is inadequate and overlooks risks that other classes of cattle pose to poultry."

USAHA "strongly" urged APHIS "to lead the coordination of all livestock sectors, state animal health officials, and public health officials to develop and implement a consistent and comprehensive strategy" to tackle avian flu.

An advantage of bulk tank testing that would reach every dairy farm in the U.S. is that the test "will detect one cow out of a full 8,000-gallon tanker of milk, and there's never just one cow affected. So that test is very good," Gingrich said.

In addition, the test identifies the virus 10 to 14 days before cows show clinical signs of having H5N1.

"That's incredibly important," Gingrich said, because then farmers can know their cows will get sick and can plan accordingly. "They can lock up on medication, make sure they have adequate labor resources, make sure that they have their animal movements in place," and interview employees about where else they may work and whether they have cows or chickens at home or live with someone who works at another dairy or poultry operation.

Other groups have been involved in the effort, including the American Association of Swine Veterinarians, American Veterinary Medical Association, U.S. Animal Health Association, state animal health associations and laboratory diagnosticians, Gingrich said.

AASV said its position is that "surveillance in any disease outbreak is important to help determine prevalence, distribution, pathogen movement, and disease burden. Continued surveillance and sample submissions are critically important. AASV is working proactively with other swine industry organizations, animal health officials, and others to support our ongoing surveillance program and develop response strategies."

The National Chicken Council also backs the effort. "We support testing as we need to know where the virus is," NCC spokesperson Tom Super said.

Farm groups urge more flexibility for climate-smart practices in upcoming 45Z guidance

Farm groups are warning the Biden administration against requiring farmers to implement specific groups of climate-smart farming practices in order for their crops to qualify for a valuable new clean fuels tax credit

Rules for a temporary tax credit, known as 40B, for sustainable aviation fuel that expires Dec. 31 require corn farmers to follow three separate practices, no-till, cover crops and use of energy-efficient fertilizer. The Treasury Department is currently considering rules for the 45Z tax credit, which will replace 40B on Jan. 1 and apply to renewable diesel and other biofuels in addition to SAF.

The 45Z credit, which came from the Inflation Reduction Act, will apply to the domestic production of clean transportation fuels between 2025 and 2027.

The 40B guidance allowed oils using corn and soy feedstocks to qualify for the credit if the crops are grown using the bundles of climate-smart practices. Corn ethanol qualifies if the grain is grown with no-till, cover crops and energy-efficient fertilizer. Soybeans are required to be grown using no-till and cover crops.

Agriculture Secretary Tom Vilsack announced a request for information earlier this year that received 260 comments. USDA then held three consultations with stakeholders. The focus of these discussions was on the quantification, reporting and verification of greenhouse gas emissions tied to agriculture-based biofuel feedstocks.

The RFI and consultations were not tied specifically to upcoming 45Z guidance, but as Vilsack said in announcing these efforts, it could help shape USDA's input to Treasury on the credits.

In public comments, USDA received input largely pushing for a more flexible approach to climate-smart agriculture practices and no bundling requirements. Other comments from some environmental groups urged against the use of agricultural feedstocks entirely.

"USDA aims to support a comprehensive, science-based strategy to improve data, models and tools needed to quantify the impact of conservation practices on greenhouse gas emissions and carbon sequestration, and could set the foundation for the 45Z tax credit and other future policies, ensuring that future resources are directed to the most effective practices," a department spokesperson said in a statement.

Mitchell Hora, an Iowa farmer and CEO of ContinuumAg, an agricultural consulting company, said 45Z has the potential to have dramatic ripple effects through the agriculture industry at home and abroad. However, if bundling requirements remain in effect, it could stifle this opportunity.

Mitchell Hora

Only about 3% of corn and 7% of soybeans would qualify for 40B under the bundling requirements, Hora said.

USDA has a lengthy list of climate-smart practices. Hora said, and it would be more beneficial to let farmers select from a greater range of these rather than complying with a one-size-fits-all bundle.

Hora proposed a GREET model based-feedstock calculator method that would let farmers choose from a longer list of practices. He said using the bundled approach required for the 40B credit doesn't necessarily yield the lowest carbon intensity (CI) score. It rewards some producers over others who may be able to achieve lower scores with alternative practices, he said.

Given the limitations for producers under the bundling approach, there could be a greater reliance on carbon pipelines for biofuel producers to lower CI scores, Hora added.

The bundling concept assumes that practices will work together in every environment across the country. However, from an agronomic perspective, this is not always the case, said Sean Arians, vice president of sustainable production and value chain engagement at the National Corn Growers Association.


Sean Arians

Arians said cover crops, for example, don’t always have the same agronomic or economic benefits in northern states as in other states. Arians said the consequence of the bundling could be that fewer farmers are incentivized to participate.

“We’re really kind of picking winners and losers based off of geographies that are more conducive to longer growing seasons, that can grow cover crops and qualify for the three practices,” Arians said. “That's not helpful when we're looking at the demand for SAF, and especially the opportunity to utilize ethanol in the SAF. We're limiting the potential impact that renewable fuels can have in the SAF program.”

Steffen Mueller, principal economist at the Energy Resources Center at the University of Illinois at Chicago, said the bundling requirement included in 40B was a good first step and raised the right issues.

However, with 45Z, he said more practices should be added and there could be more variations in how practices are measured. Some climate-smart practices are difficult to measure and will need default values when considering carbon reductions or credits, he said. Other practices such as energy-efficient fertilizer could have individualized measurements and could be a grower-level variable for credit purposes.

Some environmental groups, like the Environmental Defense Fund, World Wildlife Fund and World Resources Institute, have raised concerns with even using agricultural commodities as biofuel feedstocks.

Those groups said in comments to USDA that more research is necessary to understand the tie between climate-smart practices and direct carbon reduction, and how increased biofuel demand could impact land use.

WWF urged USDA to avoid using the GREET model for measuring carbon intensity of biofuel feedstocks. In its comments, the group said the GREET model underestimates emissions impacts of induced land use change. Using this model could allow biofuel tax programs to be a driver of conversion of grasslands and other threatened habitats, which undermine the climate value. Rather, the agency should rely on the International Civil Aviation Organization's CORSIA model, WWF said.

Farm groups argue the CORSIA model unfairly penalizes U.S. crops for environmental impacts in other countries.

EDF did applaud agency efforts to better understand emissions attached to agricultural production and to increase interest in carbon reduction programs. To further increase adoption of climate-smart practices, EDF also recommends moving away from the bundled approach given geographic variabilities and the unique needs of each farming operation.

“EDF recognizes that agriculture’s unique production system creates enormous variability and poses difficulties in understanding the climate impacts of individual production methods,” the group wrote in its comments.

“But with credible measurement, monitoring, reporting, and verification (MMRV), combined with appropriate incentives, we are confident that new policies led by this administration can lead to additional carbon savings from the production of agricultural feedstocks while enhancing the productivity and profitability of our nation’s farms.”

Despite the opposition of farm groups to building requirements, Hora said USDA officials continue to talk about expanding the use of that approach.

“They are hearing loud and clear that bundles are a bad idea,” Hora said. “But for some reason, it keeps coming up … It would be the number-one thing that would ruin 45Z and the SAF opportunity.”

An argument for keeping the bundled system is that it's easier for farmers. However, Brad McDonald, a farmer and chief operating officer of ContinuumAg, said that's not actually the case, as producers would have to provide a similar level of documentation and evidence to verify the practices were implemented as they would to run a CI score through a model.


Steffen Mueller

He said the goal should be increasing the percentage of acres using climate-smart practices, rather than trying to define and increase the number of "climate-smart farmers." If the 45Z guidance takes on the same bundled approach, farmers will not be properly incentivized to implement these practices.

"The solution here is not to expand bundles," Brad said. "The solution here is to abandon bundles."

From conversations with members of USDA, Hora said the agency appears to be trying to put together a rule on climate-smart agriculture that Treasury can point to for 45Z. He said the goal appears to be developing a climate-smart concept that can be applied beyond the SAF tax credit, which is a positive idea but has led to hold-ups in the upcoming guidance.

Additionally, Hora said this could run counter to the intention of Congress in laying out the 45Z credit in law.

Mueller, the University of Illinois at Chicago economist, said if USDA "gets it right," there's a massive opportunity for agriculture, sustainability and reducing emissions through the transportation sector through biofuels. While he said the 40B guidance on bundling was not perfect, it was a positive step, and he applauded USDA for taking in all the comments and input for 45Z.

"It's a big task, it's a big exercise," Mueller said about establishing the guidelines. "You got to start somewhere, they started with the bundling requirements. They were far from perfect, but again, they were a step forward."

NCGA's Arians noted that the tax credit itself goes to the ethanol producer rather than the farmer, but there's interest at NCGA and other farm groups in ensuring that farmers can participate and get a cut of the incentive.

"We know they're listening and appreciate the work that they have done to create opportunities for us to share those concerns, but until the final rule comes out, we don't really know how impactful we were on those conversations," Arians said.

Dry fall eases harvest, but farmers now eager for rain

Dry weather has helped Midwestern and Southern farmers speed through most of this fall's corn and soybean harvest but also has hindered the transport of their grain down the Mississippi

River. As many growers park their combines for the year, they're hoping rainstorms can replenish soils parched and waterways shrunk by months of drought.

Storms that rolled through the heartland this week are now providing some needed moisture, particularly for the Mississippi, which is seeing its third year of low water. But more precipitation will likely be needed in November and December to sustain river levels and ensure farmers across the U.S. have sufficient moisture to support next year's crops.

"This is a great sign," USDA Meteorologist Brad Rippey said of the rainstorms that passed through the Central U.S. earlier this week.

"But the fact that it's so dry leading into this, we're probably not going to get a huge permanent bump on the riverways. … At the same time, it's not going to fully cure the moisture deficits that have built up, in some cases, over a multi-year period."

As of last Tuesday morning, 87.2% of the area of the lower 48 states was experiencing drought conditions, the largest percentage seen in at least 25 years, Rippey said. Twenty-five percent of farmland topsoil across the lower 48 U.S. states was "very short" of moisture as of Nov. 3, while 37% was "short," according to National Agricultural Statistics Service estimates.

Still, the drought offered some harvest-season benefits for farmers, drying out grain and limiting disruptions that could keep them out of their fields.

"Almost everyone I talk to has said that this is probably the easiest and nicest harvest they've ever had in their lifetime," said Justin Sherlock, who farms near Dazey, North Dakota.

Sherlock said he's only had two rain delays all harvest. He's been able to start early nearly every day, not worrying about slowdowns caused by frost or dew, and has sped through his soybean harvest at a pace he's rarely seen.

Brad Rippey

While Sherlock's still got some corn to harvest, most of that delay comes from needing to complete work on a bin that got damaged by high winds that blew through in the early spring. Still, he's well ahead of where he could be. Some years, he said, it can take until Thanksgiving or later to finish the corn harvest.

As of Monday, growers had finished harvesting corn on 91% of the crop's acreage in 18 top-producing states, compared with 78% on the same day last year, according to National Agricultural Statistics Service estimates. That's far above the 75% average of harvested acres these states saw on this date between 2019 and 2023.

Harvest was complete Monday for 94% of the soybean acreage across 18 states, surpassing the 89% that had been harvested on Nov. 3 of last year. It's also above the 85% average for that date over the prior three years.

Ohio farmer Ben Bowsher finished harvesting his corn last week. He wrapped up the soybean harvest last month. Because his crops were "bone dry," Bowsher said he didn't even need to use a grain dryer to prepare them for storage. His yields, he said, were "average."

"I think we had one day where we had a rain delay," he said. "Beyond that, it was pretty much every day you could go to work as you please."

In the face of the fall drought conditions, Mississippi River water levels dropped for the third year in a row, hindering grain transport in the midst of the harvest. Mississippi River grain traffic tends to be the busiest in October, November and the first half of December, said Tracy Zea, president and CEO of the Waterways Council, a group representing barge companies.

Water levels at St. Louis were more than two and a half feet below the datum (a base level established when readings first began), while levels at Memphis, Tenn., that day were nearly six and a half feet below the datum. The National Oceanic and Atmospheric Administration sets the low threshold at Memphis at five feet below the datum.

With the low water levels came weight restrictions limiting how much grain could be loaded onto barges and shipped down the river. Jim Tarmann, the managing director for the Illinois Corn Growers Association, told *Agri-Pulse* the normal 42-barge-tow limit was reduced to roughly 30 tows in the midst of the water level challenges.

Tracy Zea

Not only were fewer tows being pushed down the river, but they were also forced to carry less grain. Mike Steenhoek, the executive director of the Soy Transportation Coalition, said for each foot of draft reduction on the river, individual barges could be loaded with 7,000 fewer bushels of soybeans. He said some parts of the river saw several feet of draft reductions.

Amid the restrictions, freight rates went up, forcing farmers to bear additional costs for transporting their crops, Tarmann said, all while commodity prices are down and input costs remain high.

"It's kind of like a triple whammy," Tarmann said, adding that this is the third year in a row where farmers have seen these added costs due to low Mississippi River water levels.

Water levels have risen in some parts of the river amid recent rains, however. As of Tuesday, water levels at St. Louis increased to 9.47 feet above the datum. While water levels at Memphis were more than 10 feet below the datum — still in the low threshold — they are forecasted to rise to 4.40 feet above the datum by Nov. 12.

Still, more rains are likely to be needed to sustain Mississippi River water levels throughout the next few months, said Rippey, the USDA meteorologist. When he spoke to *Agri-Pulse* Monday, he said on top of the two storms that traveled across the U.S. in the past few days, there's one more in the pipeline for this week.

"If this were to be the last of the three," he said of the final storm, "then we could see low water issues returning by the end of the month." But if more storms were to arrive later in November or in December, "we're probably not going to be talking about river level problems anymore," he said.

Rural power generators grapple with regulatory costs, tech challenges of cutting carbon

Editor's note: Second of two articles on the impact of carbon capture and storage, and how rural utilities are grappling with the new regulations on greenhouse gas emissions.

Minnkota Power Cooperative, which supplies power to 11 rural electric co-ops in North Dakota and Minnesota, is making a bet on technology that can capture the carbon dioxide produced by generating electricity from coal.

Minnkota's Project Tundra, which is relying heavily on federal incentives, is intended to help electric co-ops meet the Biden administration's climate goals while keeping electric rates affordable for rural residents in the region.

Project Tundra is designed to capture up to 4 million metric tons of CO_2 annually from the Milton R. Young Station, a lignite coal-fired power plant near Center, North Dakota. If completed as planned in 2029, it would be the world's largest carbon capture and storage (CCS) facility.

But Minnkota officials say the project may never be finished because of new EPA regulations that require coal-fired power plants and new natural gas facilities to capture 90% of their greenhouse gas emissions by 2032 and 2035, respectively.

Mac McLennan

"I'm concerned … that what EPA has done in this rule ultimately is unrealistic for most plants in this country," Minnkota CEO Mac McLennan said.

The skepticism is technical in nature. The Young station has two generating units with a total of 705 MW capacity. Tundra has capacity to treat 530 MW of flue gas, insufficient to cover EPA's anticipated scope, so an additional CCS "train" would be needed. The train is the technology that moves, treats and compresses the gas for ultimate storage.

Tundra is designed to capture 95% of the flue gas when the CCS equipment is running at full load. If the two Young generators are still running but the CCS equipment is temporarily out of service, the utility said it will be difficult to meet the scope of the new source rule.

Minnkota had anticipated making a decision about whether to go forward with Tundra this year.

The EPA regulations, which are now being challenged at the U.S. Court of Appeals for the D.C. Circuit in Washington, call for coal plants that want to remain operational after 2039 to use CCS — considered the best available technology — by the 2032 deadline or shut down.

CCS is widely touted with little adoption in the utility sector, and largely uses amine-based post-combustion capture technology.

This method passes flue gas through a liquid solution containing amine compounds, which chemically react with the CO_2, effectively capturing it and allowing for its later separation and storage. Motorized compressors take the CO_2 and compress it into a denser state so it can be sequestered into a geologic formation or placed in a pipeline for commercial use.

CCS technology requires substantial amounts of power, so a portion of the electricity generated by the power plant being served is consumed as what is called "parasitic load."

EPA insists that CCS technology has been "adequately demonstrated," as required by the Clean Air Act, and that the various components have been shown to operate simultaneously. "Even if the record only included demonstration of the individual components of CCS, the EPA would still determine that CCS is adequately demonstrated as it would be reasonable on a technical basis that the individual components are capable of functioning together," the EPA rule says.

The National Rural Electric Cooperative Association argues that utilities have few options for meeting EPA's 90% reduction and that onsite geologic storage of the carbon dioxide isn't feasible in many areas.

The Energy Department says the best formations for CCS are deep and porous, and filled with brine, or salty water.

Basin Electric Power Cooperative, a generation and transmission cooperative that services REC customers across nine states, also is preparing to comply with the EPA rule. Basin Chief Operating Officer Gavin McCollam estimated that a post-combustion CCS system at its 405 MW Dry Fork coal plant in Wyoming would cost about $2 billion, more than 150% of the plant's cost a decade ago.


Gavin McCollam, Basin COO

And the technology may not meet EPA's goals. "Basin Electric is not aware of any manufacturer currently offering to warrant equipment that will achieve 90% CCS under any conditions," McCollam said.

He said Basin is familiar with the challenges experienced by Canada's SaskPower in maintaining and operating the capture unit at Boundary Dam — a coal-fired facility in Saskatchewan that has been operating with CCS since 2014 — including unplanned outages.

Basin received an EPA award to add 1,400 MW of renewable generation to serve customers in Montana and the Dakotas under the Empowering Rural America program, known as New ERA, an initiative managed by USDA and funded through the Inflation Reduction Act of 2022.

CCS expenses take many forms

There is no recognized yardstick for the costs of CCS, and capital costs are merely a starting point. The power industry also focuses on operating costs and the price of the resulting electricity.

Project Tundra is estimated to cost $2 billion to build. Boundary Dam cost $1.47 billion, according to researchers. Petra Nova, a CCS-equipped facility in Fort Bend County, Texas, owned by JX Nippon Oil and Gas Exploration, cost $1 billion.

"A lot of uncertainty remains, and factors driving cost can vary greatly depending on site location and other issues," said a spokesperson for the Electric Power Research Institute, a global industry research group.

A study published in 2020 by the DOE's Pacific Northwest National Laboratory showed post-combustion capture using an amine-based solvent had a total capture cost, including capital expenditures, of $50.60 per metric ton of CO_2, “among the lowest capture costs claimed to date.” Estimates in the industry of total capture costs vary widely.

One industry consultant who didn’t want to be identified said federal incentives could offset those kinds of total capture costs.

“The bigger issue might be the technical barriers, which may include availability of sites near the CCS facility to store carbon or the availability of pipelines to haul the CO_2 into offsite storage or to be used in industry,” he said.

The EPA's consultant for cost and performance assumptions for carbon capture, Sargent & Lundy, last year said in a report that the cost of capture for coal-fired units "is generally in the range of $30-$50 per metric ton."

The report estimated that cost of capture, in 2017 dollars, at Boundary Dam was around $110 per metric ton, compared to $65 at Petro Nova.

U.K.-based commodity research group CRU estimates a carbon price of around $200 per metric ton of CO_2 is needed for currently proposed CCS coal power projects to be competitive. “Neither the current carbon price in Europe … nor the 45Q tax credits for CCS under the U.S. IRA are sufficient to incentivize investment in CCS without other support,” CRU said.

In the group’s recent study, total operating costs from capture through to injection were estimated at $40-$60 per metric ton. The technology would increase the cost of coal-fired power by 30% or more, the study concluded.

Utilities are running the numbers to determine compliance costs. East Kentucky Power Cooperative estimated that installing CCS at its 1,608 MW Spurlock coal plant would cost $10.7 billion. The benefit of the 45Q tax credit for carbon capture is $77.11 per metric ton at the site, but running CCS would produce power at more than $129 per MW, more than six times the daytime spot market price on a recent typical October day. Average customer bills from the co-op would rise by 67%-96%, the utility said.

CCS obstacles remain

One of the biggest disappointments of green groups, climate advocates and the utility industry is the failure of the U.S. to create a market for carbon credits in tandem with mandatory carbon reductions. A proposal for a cap-and-trade system passed the House in 2009 but died in the Senate and hasn’t been resurrected.

The touchstone resource for climate data and policy, the United Nations’ Intergovernmental Panel on Climate Change, is not optimistic about CCS. The group said in its 2022 update that adoption of solar, wind and batteries has occurred much faster than anticipated, while nuclear energy and CCS in the electricity sector are slow to be accepted.

Utilities have other options, not all of them palatable for rural economies.

Natural gas-fired generation has chipped away at coal in recent decades and produces roughly 40% of U.S. power. EPA suggests in the proposed rule that "intermediate" natural gas plants only operate up to 40% of the time, or produce 1,150 pounds of CO_2 per MWh. Peaker plants with capacity factors of 20% or less can use gas or other lower-emitting fuels.

The other alternative is to build renewable generation, like wind and solar. Industry officials warn that renewables are intermittent and undependable.

Still, Tri-State Generation and Transmission, which serves rural electric co-ops in Colorado, Nebraska, New Mexico and Wyoming, has put out requests for proposals to build 1,250 MW of renewables and battery storage, along with a 290 MW natural gas unit. That gas plant is expected to go online in 2028, with CCS added in 2031.

Tri-State said the Inflation Reduction Act incentivizes cooperatives to develop their own renewables instead of making power purchases. USDA grants and the ability to monetize tax credits "will have a big impact," the company said.

Tri-State also intends to shut down two large coal plants, Craig Unit 3 in 2028 in Colorado and Springerville Unit 3 in Arizona in 2031.

Colorado has been pushing for green power and the changes to Tri-State's generation portfolio should slash greenhouse gas emissions related to wholesale power sales in that state by 89% by 2030 from 2005 levels.

In the coming years, demand response mechanisms among its customers are expected to be able to dampen utility loads in the region. A decade from now, coal's portion of Tri-State's resources likely will be more than halved, replaced mainly by natural gas, wind hybrids and battery storage.

News Briefs:

Farmer sentiment rebounds in October on farm economy optimism

Farmer sentiment rose sharply in October as producers expressed more confidence that there won't be an extended downturn in the farm economy, according to the Purdue University CME Group Ag Economy Barometer.

The overall index, which is based on a monthly survey of producers, rose 27 points to 115 in September.

"The biggest driver of the sentiment improvement was an increase in producers' confidence in the future, as the Future Expectations Index jumped 30 points to 124," according to the survey report.

The Current Conditions Index also rose but by a smaller amount than the overall index. Some 53% of farmers surveyed in October expect the farm economy to be bad in 2025, compared to 73% who thought that in September. And just 33% of the producers surveyed in October expect the economy to be poor for the next five years; nearly half the farmers surveyed in September felt the downturn was going to last that long.

Only 23% of the producers surveyed in October said they were worried that the financial situation of their own operations would deteriorate over the coming year, down from 38% who felt that way in September.

The survey report noted that the November survey will be conducted one week after the election and will provide insight on how farmers view the results.

The latest survey was conducted Oct. 14-18.

Mexicans willing to pay much higher prices for non-GMO foods, study finds

Most Mexican consumers who are familiar with their government's ban on biotech corn for human consumption support the restriction and are willing to pay significantly higher prices for non-GMO foods, according to a study by University of Arkansas economists.

The survey found that 54% of Mexicans were unaware of the ban. But of those who are familiar with the prohibition, 77% support it, according to the study published in the journal Food Security.

"Regardless of the original motivation for the ban, our results show that it may be politically popular," the authors of the study wrote.

On average, the consumers who were surveyed were willing to pay 73% more for chicken and 50% more for eggs or tortillas produced with non-biotech corn. Consumers who were aware of the ban and also supported it were willing to pay even bigger premiums – 91% more for chicken, 71% more for eggs and 66% more for tortillas, the survey found.

Low-income Mexicans who were unaware of the ban don't want to pay nearly that much. People with incomes of less than $350 a year were willing to pay premiums of 46% for chicken, 21% for eggs and 25% for tortillas.

A U.S-Mexico-Canada trade agreement dispute panel is expected to issue a decision soon on a U.S. challenge to the ban.

Egg prices rising quickly into holiday season

Egg prices are spiking again this fall and could go even higher if avian flu outbreaks further reduce layer flocks, according to an Auburn University extension economist, Dennis Brothers.

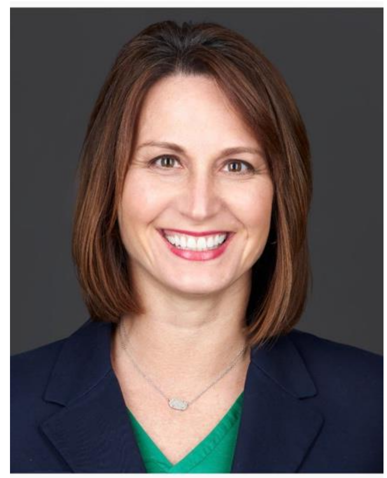
Egg prices are currently higher than they were at this time in 2022 and 2023, Brothers said in a report for Southern Ag Today. Egg prices eventually reached an all-time high of nearly $5 a dozen in 2022 amid a major outbreak of highly pathogenic avian influenza, Brothers wrote.

"When we compare 2022 to 2024, we see a haunting premonition of where egg prices could be headed this holiday season," he wrote. "The current price spike looks to be holiday demand coming in the face of a decrease in layers producing the eggs; the same thing we saw in 2022."

The average wholesale price of eggs in 2024 is $3.66 a dozen, compared to 90 cents for 2023 and $3 for 2022, according to USDA data.

According to USDA, there are currently just 4.1 days worth of shell eggs available for sale, so "any additional hen losses could have a significant impact on the market," Brothers wrote.

Farm Hands on the Potomac: Bray joins Global Farmer Network, Walmsley departs AFBF



Kellie Bray, Global Farmer Network

Kenneth Connolly has joined the Senate Environment and Public Works Committee's Democratic staff as a senior policy adviser for Chair Tom Carper, D-Del. Connolly was most recently a climate, energy and finance policy adviser at Goldman Sachs.

Ag policy veteran **Kellie Bray** is joining the Global Farmer Network as director of partnerships while also starting her own business, KBray Consulting, to focus on agriculture, innovation and problem solving projects. Bray worked for CropLife America for 16 years, most recently as chief of staff. She will continue with an array of volunteer roles including serving on the Midwest Food Bank national board of directors.

The FGS Global food and agriculture team hired **Patrick Bond** as a director. Previously, he led government affairs for the American Securities Administration and was communications director for Oklahoma Rep. Frank Lucas, R-Okla.

Sanah Baig is the new White House senior policy advisor for agriculture and nutrition. She was most recently deputy undersecretary for research, education and economics at the USDA, the Good Food Institute, and the Biden-Harris transition team.

Patrick Creamer has officially stepped down as communications director for the Republican side of the Senate Agriculture Committee. He worked in D.C. for 24 years before taking federal retirement and relocating to Arkansas. **Sara Lasure**, a veteran of Arkansas Sen. John Boozman's personal office, will now lead communications for the committee's GOP side.

Agricultural trade policy specialist **Brent Boydston** has launched a new business, Ag Center Solutions. He is a past chair of the U.S. Grains Council and was previously a corn, cereal grains, digital agriculture and carbon lead at Bayer Crop Science.

Teresina Chin is the new lead international trade specialist in the USDA Foreign Ag Service cooperator programs division. She has been a marketing specialist at the agency for nearly 36 years.

Andrew Walmsley joined the Council of Producers and Distributors of Agrotechnology as vice president of government relations. Most recently, Walmsley was senior director of congressional relations for the American Farm Bureau Federation, where he managed AFBF’s farm policy team to include energy, climate, transportation and biotechnology issues. He was named a ‘Top Lobbyist’ in Washington by The Hill in 2022.

Andrew Walmsley, Council of Producers and Distributors of Agrotechnology

The Senate Agriculture Committee hired **Mary Phillips Hubert** as counsel. She previously served on the staff of the House Agriculture Appropriations Subcommittee. Hubert is a Texas A&M and University of Arkansas alumna.

Michael Connor, assistant secretary of the Army for civil works, will step down. Over his 3 1/2-year tenure. he oversaw billions of dollars of infrastructure investments to advance navigation improvement, flood and storm damage reduction and aquatic system restoration.

Caitlin Harder joined the Beer Institute as director of public affairs. She previously worked at Clyde as a director of public affairs.

Melissa Duncan, legal head of global seeds and North America regional counsel at Syngenta, departed from the company on Nov. 1 after 6 years in that role. **James Cueva**, head of intellectual property, global seeds and biotech, is the new head of legal seeds and patents. He will maintain the responsibilities of his old and new roles.

The National Sheep Industry Improvement Center has added two directors to its board. **Stephen Clements** from Philip, South Dakota, is the new producer representative and **James Percival** from Xenia, Ohio, is the new expert in finance and management. They will serve 3-year terms from January 2025 to January 2028.
Amy Cornell is the new manager of food packaging compliance at Walmart. She was previously manager of state and local government affairs at Tyson Foods and was president of the Agribusiness Council of Indiana.

Jack Bobo will be the new executive director of the UCLA Rothman Family Institute for Food Studies. He will lead the program alongside faculty director **Amy Rowat**. Bobo will continue working with the University of Nottingham Food Systems Institute to foster relationships between the two institutions. Bobo won the 2024 Council for Agricultural Science and Technology communication award at the Norman E. Borlaug International Dialogue in Des Moines last week.

The Department of Agriculture announced the appointment of eight members to the Hass Avocado Board for 3-year terms. Producer members include **James Johnson** of Fillmore, California, and **Paula Coxe** of Fallbrook, California; and **Michael Craviotto** of Moorpark, California, and **Ivor Van Wingerden** of Arroyo Grande, California, as producer alternates. Importer members include **David Billings** of Capistrano Beach, California; and **Angela Tallant** of Estero, Florida; as well as **Sabrina Castillo Lora** of Miami, and **Robert Ybarra** of Pharr, Texas, as alternates.

Shirley Lu was promoted to China managing director at the U.S. Wheat Associates. She replaces regional vice president **Jeff Coey,** who retired on Dec. 31. Lu begins her position on Jan. 1 based in USW's Hong Kong regional office. Before joining USW in 2012, Lu worked as a wheat buyer for 12 years.


Shirley Lu, U.S. Wheat Associates

Beau Greenwood is the new director of federal government affairs at Juul Labs. He was most recently a consultant at Greenwood Strategies and previously worked at CropLife America for 16 years.

Chobani hired **Jai Kibe** as chief marketing officer. He previously worked for Gartner, SC Johnson and Coca-Cola. Kibe began Monday, reporting to Chobani President and Chief Operating Officer **Kevin Burns**.

The Foundation for Fresh Produce announced the 2025 board of directors. **Dwight Ferguson**, president and CEO of the California Agricultural Leadership Foundation, will serve as chair. **Alex DiNovo**, president and chief operating officer of DNO Produce, will continue to serve on the board and executive committee as past chair. Other individuals tapped for leadership positions include Chair-Elect **Jin Ju Wilder** of Vesta Foods and Secretary/Treasurer **April Porter** from Noble Citrus and Crystal Beach Capital.

Sandra Wright is the new executive assistant at the Grain Elevator and Processing Society. She previously worked in an executive assistant position at the National Corn Growers Association for over 25 years.

Ryan Krabill joined the Oregon Farm Bureau as a government affairs manager. He previously worked for the National Potato Council and Potatoes USA.

The Minnesota Farm Bureau hired **Hunter Pederson** as a public policy specialist. He will focus on state-level advocacy, issue research and outreach efforts. Pederson was most recently committee administrator for the Minnesota Senate Agriculture, Broadband and Rural Development committee.

Lynn Frances Gallagher has died at the age of 79. Gallagher completed 25 years of public service, beginning her Capitol Hill career as a professional staff member for ranking Republican William Wampler of Virginia on the House Agriculture Committee. She became an expert on both trade and nutrition policy. A celebration of life will be held Wednesday and her funeral Thursday in Falls Church, Virginia.

Best Regards,

Philip Brasher
Editor

NCFC Priorities & Policy Resolutions

NCFC 2024 PRIORITIES

Numerous legislative and regulatory issues arise throughout the year, and NCFC will work to ensure the value of farmer cooperatives is recognized by Congress and the Administration. In 2024, NCFC will focus its efforts on key priority issues for farmer cooperatives, including:

1. Support the Capper-Volstead Act antitrust protections for farmer cooperatives and protect the rights of farmers to join or form cooperatives to market their products and improve their income from the marketplace.
2. Maintain Internal Revenue Code Subchapter T tax provisions for farmer cooperatives and promote favorable tax treatment for farmer cooperatives.
3. Support legislative and regulatory efforts that promote the Farm Credit System's unwavering mission to provide credit and related services to the agricultural sector and rural America.
4. Maintain and promote farmer cooperative eligibility and access under USDA and other federal programs and initiatives.
5. Urge the administration and Congress to ensure that federal agricultural policy provides equitable access for all producers and rural communities to farm, conservation, and rural development programs. Further, encourage USDA and other federal agencies in their efforts to address historic inequalities in these programs and promote a diversity of representation on advisory committees and similar bodies.
6. Maintain support and funding for USDA farm bill programs consistent with NCFC principles.
7. Support immigration reform to meet agriculture's labor needs and to ensure a dependable supply of high-quality food and fiber.
8. Support modernization of U.S. transportation infrastructure to maintain and enhance U.S. agriculture's global competitiveness.
9. Broaden support for enhanced U.S agricultural trade and increased market access.
10. Support efforts to ensure regulations implementing financial regulatory market reforms do not impair farmer cooperatives' ability to use and provide essential risk management tools.
11. Support conservation programs and environmental regulations that are locally driven and based on scientifically and economically sound practices, recognizing the unique nature of farmer cooperatives and production agriculture.
12. Support efforts to ensure farmer-owned cooperatives, their employees, and the producers they serve are presented with affordable and varied options as part of any reforms to the nation's health care system.
13. Support the development of a comprehensive national energy strategy that meets our nation's energy needs and maximizes a role in energy independence for American agriculture and farmer cooperatives.
14. Support nutrition policy based on best available science and promote healthful consumption of farm-raised meat, aquaculture, dairy products, grains, and fruits, vegetables, and nuts, based on their nutritional value.
15. Support efforts to reduce economic uncertainty created by burdensome regulations, including those that are pending.

16. Support the development and use of technologies for efficient, safe production of affordable food, fiber and fuel while ensuring all types of agriculture are not disparaged in the marketplace and there is a fair, level regulatory framework and oversight process across technologies and procedures.
17. Support practical, science-based, and voluntary agricultural programs that promote a balanced approach to improving soil health, increasing productivity, reducing greenhouse gas emissions and incorporating renewable energy, while maintaining profitability and facilitating new market opportunities for farmers and their cooperatives.

NCFC 2024 Policy Resolutions

Legal, Tax and Accounting

Background: Farmer-owned cooperatives are central to America's abundant, safe and affordable food, fuel and fiber supply. NCFC strongly supports public policy that continues to protect and strengthen the ability of farmers and ranchers to join together in cooperative efforts to maintain and promote the economic well-being of farmers, ensure access to competitive markets, and help capitalize on market opportunities. The heart of farmer co-op policy lies with the protections afforded by the Capper-Volstead Act's limited antitrust immunity for farmers and their cooperatives. Without those protections, many farmer cooperatives would cease to exist and the farmers and communities they serve would suffer irreparable harm.

Policy Resolutions:

1. Oppose any action that would limit the effectiveness and efficiency of farmer cooperatives as such action would harm American agriculture and rural communities, resulting in a less reliable food, fuel, and fiber supply.
2. Maintain Capper-Volstead Act protections and coordinate industry response to recent legal challenges regarding the scope and applicability of the Act.
3. Maintain Internal Revenue Code Subchapter T tax provisions for farmer cooperatives.
4. Promote tax and accounting policies that allow farmer cooperatives and their members to compete in today's challenging marketplace and to pass on their operations to the next generation.
5. Ensure that Section 199A and Section 199A(g), the cooperative-specific provision, are extended beyond the December 31, 2025 expiration date or made a permanent part of the tax code.

Farm Credit

Background: The Farm Credit System is a cooperatively owned network of financial institutions established by Congress to serve as the reliable supplier of competitively priced credit to U.S. farmers, ranchers, agricultural cooperatives, rural utilities, and other rural businesses. The cooperative structure of the Farm Credit System ensures that profits are returned to customer-owners through patronage distributions or are used to support new, mission-related lending activities.

Policy Resolutions:

1. Support initiatives ensuring that the Farm Credit System remains a reliable and competitive source of credit to farmers, ranchers, agricultural cooperatives, and rural infrastructure.
2. Support the Agriculture Committees' continued jurisdiction over the Farm Credit System and regulatory oversight by the Farm Credit Administration.
3. Support efforts by the Farm Credit System to modernize its lending authorities to reflect the changing rural and farm economy, including the development of new generation cooperatives, if such opportunities arise.
4. Oppose any action that would revise Farm Credit System tax provisions in a manner that would negatively impact customer-owners and the ability of Farm Credit institutions to build capital necessary to serve customers.
5. Oppose efforts to divert cooperative financial earnings or investments from customer-owners to fund non-cooperative outside interests' initiatives, which would result in undermining the cooperative lending structure.

Agriculture Policy

Background: NCFC strongly supported passage and implementation of the 2018 Farm Bill to meet the needs of U.S. producers, ensure the long-term viability, health, and competitiveness of U.S. agriculture, and to help meet domestic and international food, fiber, feed, and energy needs.

Additionally, NCFC is closely following the appropriations process in Congress. Programs that are authorized but never funded are of no help. Likewise, programs that are deprived during the appropriations process never reach their full potential.

Policy Resolutions:

1. Maintain and promote farmer cooperative eligibility and access under USDA and other federal programs and initiatives.
2. Maintain support and funding for USDA farm bill programs consistent with NCFC principles, including resources to provide appropriate staffing across USDA to ensure programs can be administered properly and timely.
3. Support efforts to maintain a budgetary baseline, thus minimizing potential budget cuts, to ensure adequate funding for policies and programs to meet the needs of U.S. agriculture.
4. Maintain and promote a needed income safety net for producers, while helping to meet the food, fuel, and fiber needs of consumers at home and abroad.
5. Support dairy policy that reduces extreme volatility and maintains a viable and effective

domestic safety net for producers with a focus on protecting the operating margin experienced by producers as reflected by milk price and input costs.

6. Support a responsive safety net, together with adequate funding, that incorporates improved, comprehensive risk management tools and programs for producers and their cooperatives.
7. Support sugar policy that ensures farmers have a strong safety net. Oppose actions that would weaken the safety net.
8. Support farm legislation that includes provisions that require USDA to maintain the operation of the Commodity Credit Corporation and the Marketing Assistance Loan during periods of a lapse in government funding.
9. Provide for strong, meaningful, and affordable crop insurance protection and oppose any changes to crop insurance that would discourage producer participation or undermine private sector delivery, including limiting program eligibility through means testing.
10. Support strengthening the specialty crop industry through viable and economical systems that enhance the value, ensure the safety, and promote consumption of specialty crop products.
11. Support policies that enhance the ability of U.S. farmers to produce food, fuel and fiber using technologies that are based on proven science, including biotechnology.
12. Support and maintain expanded pest and disease research programs, improved exclusion, and eradication programs, and continue to protect the tools which are vital in these efforts.
13. Increase federal funding to protect against the introduction of pests and pathogens at ports of entry.
14. Support federally authorized and producer supported research, marketing and promotion programs, commonly known as check-offs, which are established and approved in referenda by producers who fund the programs with their own money.
15. Support sustainable business practices through an integrated approach to economic viability for farmers and their co-ops, environmental stewardship, and community well-being.
16. Support the maintenance of a vaccination bank or repository for use in time sensitive disease control.
17. Support increased federal investment in agriculture and food-related research through the farm bill and other federal funding provisions with emphasis on industry priorities, public private partnerships, and ensuring farmers and ranchers have access to the scientifically rigorous tools and information they need to:
    a. Maintain and promote needed agricultural research, including mechanization and automation.
    b. Improve the ability to measure, collect and benchmark metrics to continually reduce agriculture's impact on the environment; and
    c. Provide resources to help agriculture adapt to changes in weather conditions, pest and disease management and improved cropping systems.
    d. Build climate resilience, mitigate environmental impacts, and increase the productivity of their land.
18. Establish policies that foster the development of private sector markets for GHG

credits and provide the appropriate role for government in that development. The public sector should ensure that verifiable reductions occur and provide producers with the technical support needed to participate voluntarily.

19. USDA's Climate Hubs should be formally codified and expanded so that they can regularly engage stakeholders and prioritize vital research.

Animal Agriculture

Background: NCFC supports animal agriculture policies that provide market transparency, reduce unnecessary government regulations, and increase availability of market information for livestock, poultry, and egg producers. Federal policies must recognize the unique and important role farmer-owned livestock and poultry marketing associations play in the success of American agriculture and in providing farmers the best opportunity to compete in an increasingly challenging marketplace.

NCFC also continues to work with industry partners to improve communications among farmers, ranchers, processors, food retailers and consumers, helping people better understand the role animal agriculture plays in providing a safe, abundant food supply.

Policy Resolutions:

1. Support strengthening the livestock industry through viable and economical systems that enhance the value and ensure the safety of animal agriculture products, promoting consumer confidence.
2. Support policies that enhance the ability of cooperative members to raise animals for food and fiber consistent with best management practices, herd health objectives and available technologies based on proven science, are economically and environmentally sound, and that ensure the safety of animal agriculture products.
3. Support policies that promote the responsible use of production practices by producers to maintain the health of their animals and to continue to provide the American consumer with a high- quality source of protein.
4. Support the use of antimicrobials in an approved herd health program to promote animal well-being and to provide healthy and safely produced food for consumers.
5. Support policies to enhance business opportunities for livestock and poultry producers as well as their farmer-owned livestock marketing associations by providing the freedom and flexibility to engage in new market innovations.
6. Oppose federal policies that negatively impact farmer-owned livestock marketing associations by limiting the marketing options of the cooperative and its members.
7. Oppose activities and extreme policies that lack basis or scientific evidence and negatively impact the ability of farmer-owned cooperatives and their producer members to produce a safe and affordable food supply.
8. Support policies and programs that enhance the traceability of livestock for purposes of disease control and marketability.
9. Provide a risk- and science-based regulatory pathway to streamline the animal and

aquaculture biotechnology approval process.
10. Maintain exemption of livestock from greenhouse gas emissions reporting.
11. Support policies that improve the regulatory process for animal feed additives.

Commodity Markets

Background: As processors and marketers of commodities and suppliers of farm inputs, cooperatives are commercial end-users of over-the-counter derivatives (commodity swaps) and exchange-traded contracts. Cooperatives use futures, options, and swaps to effectively minimize risks associated with price movements in commodities, such as grain, dairy products, livestock, energy, and fertilizer. In addition, derivatives give cooperatives the ability to offer customized products to producers that help them better manage their risk and returns and provide more predictable profitability.

Policy Resolutions:

1. Promote improved comprehensive risk management tools and programs for farmers.
2. Support efforts to ensure Commodity Futures Trading Commission regulations do not impair farmer cooperatives' ability to use and provide their members essential risk management tools.
3. Support the development of risk management products to ensure a reliable and affordable supply of fertilizers and other inputs.
4. Support initiatives that promote the ability of farmer cooperatives to offer forward contracts and risk- mitigation tools to producers, particularly in times of high crop and crop input prices.

Rural Development

Background: Farmer cooperatives have increased their presence in rural communities and have a vested interest in the economic well-being of these areas. Their activities, earnings, and patronage dividends directly support the rural American economy. Federal policies must continue providing rural communities with the tools necessary to sustain and promote economic well-being.

Policy Resolutions:

1. Encourage and promote rural development, including through farmer-owned businesses.
2. Strengthen programs to better enable farmers and their cooperatively owned businesses to capitalize on new value-added market opportunities.
3. Maintain Value-Added Producer Grants, including farmer cooperative eligibility, and full funding.
4. Ensure USDA's Cooperative Services has the staff and resources to meet the needs of our nation's farmer cooperatives by providing relevant and timely information, statistics, and research in addition to effective program administration.

5. Ensure rural America receives equitable treatment in federal infrastructure investments, including expansion of broadband for production agriculture and to increase access to public safety, community facilities and health resources, adapt to evolving market systems and improve resiliency to adverse climate conditions.

Labor and Immigration

Background: The agriculture industry faces unique employment needs and challenges, and the current H-2A guest worker program is unworkable. Production agriculture requires sufficient farm labor resources to continue to supply the nation and the world with high quality food, fiber and fuel. Additionally, many in the industry rely on the H-2B program, which continuously hits an arbitrary cap on visas allocated yearly resulting in employers without access to needed workers.

For production to continue in this country, agriculture must be supported by federal programs that allow for their labor needs to be met. Federal policies now and in the future must recognize the unique nature of agricultural work and our international competitiveness issues that require access to a flexible workforce. Additionally, farm safety is of the highest importance.

Policy Resolutions:

1. Support immigration reform that meets the unique needs of all segments of agriculture, in terms of visa length and addressing agricultural workers currently in the country. Without immigration reform, the current H-2A process must be simplified and eligibility extended for non-seasonal workers to meet the needs across all of agriculture. In addition, clarification of agricultural cooperative eligibility in the H-2A program is needed. A farmer-owned cooperative is an extension of the farmer, and as such eligible job duties performed at the agricultural cooperative should be considered permissible for the purposes of the H-2A program.
2. Support alleviating or removing visa cap pressure on the H-2B program.
3. Support shifting the administration of agricultural worker visas from the Department of Labor to the U.S. Department of Agriculture.
4. Oppose mandatory E-Verify without a workable, legislative solution for agriculture's current and future workforce. Oppose any efforts to exempt agriculture from the use of E-Verify which would likely lead to an increase in industry workforce audits.
5. Support efforts to ensure that immigration regulation and enforcement procedures, including by the Department of Labor and Department of Homeland Security, do not impose unreasonable costs and overly burdensome obligations on agricultural employers.
6. Support simplifying the methods for small seasonal employers to determine whether they are subject to the employer mandate under the Affordable Care Act and defining "seasonal employee" as a worker who is employed on a seasonal basis for six months or less during the calendar year, consistent with Department of Treasury regulations.
7. Support responsible and cost-effective regulatory policies that provide a safe and

productive work environment while promoting our economic competitiveness. Oppose federal efforts that do not adequately recognize the diversity of co-op services, agricultural production, and processing.

8.
9. Farms with 10 or fewer employees should not be regulated by the Occupational Safety and Health Administration.
10. Support policies that enhance the ability of young people to seek employment in agricultural operations and related fields.

Energy

Background: NCFC supports an energy policy that maximizes a role for American agriculture and farmer cooperatives in energy independence. Farmer cooperatives are vital players in this country's quest for energy independence and in ensuring that producers can capitalize on expanded market opportunities. Renewable energy sources, along with conservation, are important tools in securing a more affordable and accessible domestic renewable energy supply.

NCFC encourages passage of a comprehensive energy bill recognizing the contributions of the American farmer and rancher in the renewable energy industry.

Policy Resolutions:

1. Support legislative and regulatory action to meet U.S. and agriculture's energy needs.
2. Promote expanded infrastructure for and development and use of renewable fuels and other energy sources as part of a comprehensive energy policy to help meet U.S. agriculture and our nation's energy needs.
3. Support a consistent and reliable policy of renewable fuels incentives and other provisions encouraging production of renewable fuels. New approaches to federal investment in the renewable fuels industry should encourage innovation and market stability.
4. Support voluntary policies promoting the development of technologies to further utilize manure as a feedstock to produce gas, fuel, or electricity, especially if these projects are cost-effective and provide an economic benefit to farmers and/or farmer-owned cooperatives.
5. Recognize the importance of, and continuing role for, traditional energy sources, where the agriculture industry and rural America maintains a competitive cost structure for energy users.
6. Promote affordable technology advances for cleaner utilization of fossil-based fuel sources.
7. Incentivize farmers to reduce energy consumption, increase use of on-farm renewable energy, and make continued progress toward reducing the lifecycle GHG emissions of agriculture-based renewable energy. Achieve these objectives by expanding and revising energy programs administered by USDA and the U.S. Department of Energy, and by updating the analysis of GHG emissions under the Renewable Fuels Standard.
8. Encourage the Department of Energy to use its authority under the Natural Gas Act to

determine if LNG export contracts to non-free trade agreement countries are in the public interest.
9. Ensure all cooperatives are eligible to participate in the Rural Energy for America Program (REAP) regardless of size.

Transportation & Infrastructure

Background: Improving our transportation infrastructure must be a national priority deserving urgent attention – sooner rather than later. Capacity constraints, structurally deficient bridges, deteriorating roads, and locks and dams long past their expected useful life require our full attention as a nation.

Policy Resolutions:

1. Support modernization of U.S. transportation infrastructure to maintain and enhance U.S. agriculture's global competitiveness.
2. Support legislation to fully fund construction of new locks on the Upper Mississippi and Illinois River System.
3. Support efforts and resources necessary to always maintain a nine-foot river channel for river commerce.
4. Support improvements in rail capacity, competition, service, and accessibility in rural America.
5. Support expansion of key trucking routes on the interstate system.
6. Maintain and expand agricultural hours of service exemption.
7. Pass long-overdue trucking productivity improvements, including increased allowable weights for hauling agricultural commodities.
8. Support policies that promote the construction of pipelines in the United States to accommodate increased domestic energy production, improve the reliability and flexibility of our country's energy delivery networks and to complement rail lines, highways, and waterways.
9. Support measures that facilitate increased U.S. port efficiencies and policies that prevent port disruptions that cause economic harm to agricultural shippers and producers.
10. Support streamlining the review and permitting processes through regulatory reforms of such laws as the Endangered Species Act to expedite improvements to infrastructure, avoiding unnecessary delays for long-awaited maintenance, repairs, and new projects.

International Trade

Background: NCFC seeks a level playing field for U.S. agriculture in the global marketplace. Market development and promotion programs are vital to maintaining and expanding U.S. agricultural exports, countering subsidized foreign competition, protecting American jobs and strengthening farm income. Accordingly, NCFC supports strong market development and promotion programs in pursuit ofincreased agricultural exports and the farm-level benefits they generate.

Additionally, over the past decade, the resources for both FAS and APHIS have come under significant pressure due to budget issues. This pressure has come at a time when competition in key foreign markets has only increased. These resources, including personnel and infrastructure, are extremely valuable in ensuring that overseas markets remain open and efficient for U.S. agricultural exports.

We recognize the benefits of multilateral negotiations. However, in the absence of an active multilateral round of trade negotiations, the U.S. should continue to engage in bilateral and regional negotiations to improve foreign market access for U.S. agricultural products.

Policy Resolutions:

1. The U.S. trade remedy law process should be strictly adhered to maintain it as a viable tool for American agriculture.
2. Any renegotiation or modernization of existing trade agreements should maintain and expand upon previous gains in agricultural market access, while also making improvements to trade rules.
3. Support the negotiation of new, comprehensive free trade agreements that are beneficial to U.S. farmers and address-tariffs, sanitary and phytosanitary (SPS) and other non-tariff trade barriers, including geographic indicators.
4. Market Access
   a. Maintain and expand U.S. agriculture exports and global competitiveness, including substantially improved access to foreign markets.
   b. Maintain and strengthen USDA Export Programs and funding; and ensure continuation of the branded program and current cooperative eligibility in the Market Access Program.
   c. Support increased market access for U.S. agriculture exports, including to Cuba.
5. Support enhanced resources for USDA's Foreign Agricultural Service (FAS) and Animal and Plant Health Inspection Service (APHIS) in support of U.S. agriculture exports.

Conservation and the Environment

Background: NCFC is involved with a wide variety of conservation and environmental issues from implementation of farm bill conservation programs to pesticide registrations to wetlands regulations. While the issues vary, our principles remain: NCFC believes conservation programs and environmental regulations should be locally driven and based on scientifically and economically sound practices and should recognize the unique nature of farmer cooperatives and production agriculture. Additionally, we work to promote the value of farmer cooperatives in the context of the growing dialogue about social responsibility and sustainability.

However, the U.S. Environmental Protection Agency (EPA) has multiple, aggressive regulatory and enforcement initiatives underway that ignore the role of states and affect nearly every aspect of U.S. agriculture. Water quality, air quality, pesticide use, and climate change are all subject to major actions, and farms and ranches of all sizes can expect to be affected.

Policy Resolutions:

1. Encourage USDA to use public private partnerships to promote environmental stewardship, recognizing the unique role that farmer cooperatives can play as a part of the delivery system relating to environmental programs.
2. Oppose environmental legislation or regulatory actions that cause adverse impacts to farmer-owned cooperatives and their farmer members, including increased costs of production, that hinder their ability to produce food, fuel, and fiber for the world.
3. Support full funding for working lands conservation programs, including those that utilize voluntary, incentive-based conservation practices, to maximize conservation program benefits and better achieve important environmental objectives.
4. Support efforts to ensure access to critically needed crop protection products for agriculture.
5. Encourage Endangered Species Act reform that provides workable solutions for farmers and ranchers while protecting endangered species.
6. Support regulation of pesticides that is science-based, transparent, and involves stakeholder engagement as codified in the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), thereby ensuring that risk conclusions are as closely tied to real-world conditions as practicably possible. Further, support a fully funded Office of Pesticide Programs to ensure protection of human health and the environment.
7. Support efforts to ensure producers participating in cost-share conservation programs can engage in opportunities in environmental services markets.
8. Support implementation of science-based environmental policies while minimizing cost and regulatory burdens on farmer cooperatives and their member owners.
9. Oppose expansion of the jurisdictional reach of the Clean Water Act.
10. Ensure any climate change initiative provides benefits and opportunities for farmer cooperatives without adding burdensome costs and regulations.
11. Provide voluntary, incentive-based tools for farmers and ranchers to maximize the sequestration of carbon and the reduction of other greenhouse gas emissions and increase the resilience of the land. Support additional technical assistance measures to ensure producers can overcome barriers to adoption of practices that can lead to significant reduction of GHGs and improvements in soil health.
12. Incentivize agricultural producers to prioritize climate-smart practices through an array of public and private sector tools, including transferable producer tax credits, a U.S. Department of Agriculture-administered Climate-Smart Agriculture and Forestry Partnership Initiative and the enhancement of existing USDA conservation programs.
13. Support policies and practices that assist producers in participating in environmental services and voluntary carbon markets.

Food Safety

Background: America's farmers and ranchers are committed to providing a safe and affordable food supply for consumers globally. NCFC urges that any actions by Congress be based on the best available science and prudent risk assessment. American consumers need to have confidence that their food is safe and that the best science is being used to ensure that the most wholesome products possible.

Policy Resolutions:

1. Support food safety legislation and regulations based on best available science, and that are risk-based, commodity specific, and applied equitably.
2. Ensure food safety regulations enhance our nation's food safety while avoiding negative impacts to farmer cooperatives and their producer members.

Nutrition & Labeling

Background: A large and increasing number of federal dollars are spent to ensure nutritious food is available for our nation's individuals, families, and children who rely on federal nutrition programs. America's farmers and ranchers supply the nation and the world with nutritious and wholesome food. NCFC urges that any actions by Congress to update or change nutrition policy be based on the best available science and USDA's Dietary Guidelines.

Policy Resolutions:

1. Support USDA food and nutrition programs and the continuation of USDA commodity purchases using Section 32 funds.
2. Support strengthening the Buy America provision in the school meals program to ensure federal taxpayer dollars are being used to support our domestic agricultural economy as well as ensure our children are being served safe, quality meals.
3. Support expansion of Buy America provisions to federal procurement programs.
4. Ensure federal agencies are coordinating with USDA when determining food policy for their respective programs, including military service.
5. Support efforts to ensure Dietary Guidelines Advisory Committee members and the scope of their recommendations are focused on dietary recommendations rather than agricultural production practices.
6. Encourage USDA's food and nutrition programs to provide all forms of fruits, vegetables, and tree nuts as outlined in the Dietary Guidelines.
7. Ensure that federal nutrition policy is consistent with the current Dietary Guidelines and encourages healthful consumption of farm-raised meat, aquaculture, dairy products, grains, and fruits, vegetables, and nuts, based on best available science.
8. Support the healthful consumption of higher fat content milk and milk products through federal nutrition programs.
9. Support the development and use of technologies for efficient, safe production of affordable food, fiber and fuel while ensuring all types of agriculture are not disparaged in the marketplace and there is a fair, level regulatory framework and oversight process across technologies and procedures.
10. Support legislative and regulatory efforts to grant federal preemptive authority on all

food labeling requirements, including: the formation of one standardized nutritional labeling system for food labels and grocery store shelf markers that is based on best available science and criteria that is public and readily available to consumers.

11. Oppose food labeling initiatives that conflict with science and increase food costs without achieving any substantiated benefits and support a national, uniform standard for warning consumers of actual risks associated with consuming or using agricultural products.
12. Reduce the GHG impact of food waste and loss within the food value chain. One example is streamlining confusing consumer-facing packaging and implementing a public-private partnership to achieve a meaningful and workable food date-labeling program supported by robust public consumer education.
13. Support the reauthorization of federal child nutrition programs, recognizing the need for flexibility while building on advancements made to ensure students have access to healthy, nutritious food.
14. Any federal food labeling policies should be consistent with the Dietary Guidelines for Americans.
15. Support efforts to ensure that changes to the Women, Infants and Children (WIC) program preserve current levels of fruit and vegetable intake for those populations and provide maximum flexibility for participants in those programs to select foods and beverages that best meet their needs.

Congressional Farmer Cooperative Caucus

CONGRESSIONAL FARMER COOPERATIVE CAUCUS

MEMBERSHIP

OFFICERS:

Senator Amy Klobuchar (D-MN), Co-Chair
Senator John Thune (R-SD), Co-Chair
Rep. Jim Costa (D-CA), Co-Chair
Rep. Sam Graves (R-MO), Co-Chair

SENATE:

Senator Mike Braun (R-IN)
Senator Michael Crapo (R-ID)
Senator Tammy Duckworth (D-IL)
Senator Dick Durbin (D-IL)
Senator Joni Ernst (I-IA)
Senator Deb Fischer (R-NE)
Senator Chuck Grassley (R-IA)
Senator Amy Klobuchar (D-MN)
Senator Roger Marshall (R-KS)
Senator Jerry Moran (R-KS)
Senator Michael Rounds (R-SD)
Senator Chuck Schumer (D-NY)
Senator Debbie Stabenow (D-MI)
Senator John Thune (R-SD)
Sentaor Roger Wicker (R-MS)

HOUSE:

Rep. Jodey Arrington (R-TX)
Rep. Mike Bost (R-IL)
Rep. Jim Costa (D-CA)
Rep. Joe Courtney (D-CT)
Rep. Rick Crawford (R-AR)
Rep. Henry Cuellar (D-TX)
Rep. Sam Graves (R-MO)
Rep. Bill Huizenga (R-MI)
Rep. Marcy Kaptur (D-OH)
Rep. Tracey Mann (R-KS)
Rep. Rick Larsen (D-WA)
Rep. Frank Lucas (R-OK)
Rep. Blaine Luetkemeyer (R-MO)
Rep. Betty McCollum (D-MN)
Rep. Gregorio Sablan (D-MP)
Rep. Michael Simpson (R-ID)
Rep. Adrian Smith (R-NE)
Rep. Mike Thompson (D-CA)

CONGRESSIONAL FARMER COOPERATIVE CAUCUS

I. PURPOSE:

Provide a forum for Members of Congress interested in working together in support of public policy and programs to protect and enhance the ability of farmers to join together to form cooperative associations to improve their income from the marketplace, manage risk, and strengthen their bargaining power, allowing individual producers to better compete globally.

II. GOALS:

Promote greater awareness and understanding of farmer cooperatives and their importance as a proven tool to help individual family farmers and ranchers through the ups and downs of weather, commodity markets, and technological change and provide timely analysis and other information on economic and market trends, including existing and proposed laws and regulations impacting farmer cooperatives and the ability of farmer to form cooperative associations.

III. MEMBERSHIP:

Bicameral and bipartisan

IV. CO-CHAIR EMPLOYEE CONTACTS:

Thomas Liepold (Office of Senator Klobuchar)	(202) 224-3244
Adam Wek (Office of Senator Thune)	(202) 224-2321
Alexa Fox (Office of Representative Costa)	(202) 225-3341
Jonathan Harder (Officer of Representative Graves)	(202) 225-7041

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NCFC

NCFC Staff Issues List

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Marlis Carson, Senior Vice President & General Counsel, Legal, Tax & Accounting, (mcarson@ncfc.org)
Policy Areas:
- Capper-Volstead
- Tax
- Accounting/Finance
- Concentration/Competition
- General legal

Lisa Kelley Van Doren, Vice President & Chief of Staff, Government Affairs, (lvandoren@ncfc.org)
Policy Areas:
- General Policy Coordination & Strategy
- Farm Bill (lead staff)
- Farm Commodities
- Crop Insurance
- Appropriations/Budget

Kevin Natz, Vice President & Senior Policy Director, Government Affairs, (knatz@ncfc.org)
Policy Areas:
- International Trade
- Risk Management (CFTC)
- Credit
- Rural Development
- Transportation
- Pension

Mary Nowak Armstrong, Director, Government Affairs (mnowak@ncfc.org)
Policy Areas:
- Labor/Immigration
- Workplace Safety/OSHA
- Specialty Crops
- Nutrition
- Food Safety
- Food Labeling
- Research

Zach Gihorski, Director, Government Affairs & Sustainability (zgihorski@ncfc.org)
Policy Areas:
- Sustainability
- Conservation & Climate
- Biotechnology
- Crop Inputs/Chemicals/Fertilizer
- DHS Chemical Security
- Energy
- Livestock

Guest Speakers

Paul Bleiberg

Executive Vice President, Government Relations

Paul Bleiberg currently serves as Executive Vice President, Government Relations at the National Milk Producers Federation. In this capacity, he leads the organization's policy and legislative efforts and oversees the organization's regulatory department. During his NMPF tenure, Bleiberg has worked with Congress and the executive branch to achieve significant dairy policy gains, including strengthening the dairy safety net and risk management programs and securing new resources to support on-farm dairy sustainability endeavors.

Prior to joining NMPF in 2016, Bleiberg served as Deputy Chief of Staff and Legislative Director for former Rep. Reid Ribble, R-WI, a member of the House Agriculture and Transportation & Infrastructure Committees, during work on the 2014 Farm Bill and the 2012 and 2015 highway bills. Bleiberg is an Upstate New York native and currently resides in Washington, DC.

Rob Fox

Director, Knowledge Exchange

Rob Fox is director of CoBank's Knowledge Exchange division. He leads a team of nine economists that conduct industry research and advisory services in the agricultural and infrastructure sectors.

Prior to joining CoBank, Mr. Fox spent 13 years in food and agribusiness commercial banking. He has a total of 30 years of experience in a wide array of agriculture-related roles, in both private industry and the public sector. He started his career as an agricultural economist with USDA's Foreign Agricultural Service, and later became a farm business management specialist with the University of Wisconsin Extension Service. Mr. Fox and his wife, Jennifer, also owned and operated a 125-cow dairy farm in western Wisconsin. They were members of Alto Cooperative.

Mr. Fox earned a bachelor's degree in economics from Northwestern University and a master's degree in agricultural economics from the University of California, Davis.

LinkedIn: www.linkedin.com/in/robert-gregory-fox

Kiran Kini

Sr. Vice President & Treasurer

Kiran Kini is CoBank's Sr. Vice President and Treasurer with responsibility for all Treasury function including funding, liquidity, derivatives, asset liability management and funds transfer pricing.

Prior to joining CoBank in 2019, Mr. Kini was Vice President and Assistant Treasurer at Fannie Mae responsible for Fannie Mae's Treasury functions. Mr. Kini has over 25 years of experience in Treasury and Financial Services.

Mr. Kini earned an MBA from George Washington University, MS in Finance from Texas A&M University and bachelor's degree in Mechanical Engineering from PSG College of Technology in India. Mr. Kini also holds the Chartered Financial Analyst (CFA) designation.

Matt Lewis

Author; Senior Columnist

Matt Lewis is a Senior Columnist at The Daily Beast and the author of *Filthy Rich Politicians* and *Too Dumb to Fail*.

Previously, Matt served as a senior columnist at *The Daily Beast* and a senior contributor to *The Daily Caller*. He also worked as a columnist for AOL's *Politics Daily* and, before that, as a blogger for *Townhall.com*. He has also served as a contributing editor for *The Week* and as a weekly columnist for *Roll Call*.

Over the years, Matt has provided political commentary for various outlets, including C-SPAN, PBS *NewsHour*, MSNBC's "*Morning Joe*," HBO's "*Real Time with Bill Maher*," and CBS News' "*Face The Nation*."

Matt grew up in Frederick County, Maryland, and graduated from Shepherd College (now University) in Shepherdstown, West Virginia.

Melissa Mueller

Partner

Melissa Mueller leverages her extensive government service, including working in several important positions influencing tax policy on Capitol Hill, to provide clients with an unparalleled assessment and analysis of the political and policy landscape.

Before joining Capitol Tax Partners in 2011, Melissa served on the staff of the Ways and Means Committee, first as a Tax Counsel and then as the Staff Director of the Select Revenue Measures Subcommittee under Chairman Richard Neal (D-MA). Some of the bills she contributed to during her tenure include the economic stimulus bills enacted during and after the financial crisis, including the *American Recovery and Reinvestment Tax Act of the American Recovery and Reinvestment Act of 2009* and the *Housing Assistance Tax Act of the Housing and Economic Recovery Act of 2008*, as well as legislation on new foreign bank account reporting requirements (FATCA).

Previously, she served on the Senate Finance Committee staff as a Tax Counsel handling corporate and international issues as well as tax reform. Some of the enacted bills she worked on include the *Working Families Tax Relief Act of 2004, Gulf Opportunity Zone Act of 2005*, *Katrina Emergency Tax Relief Act of 2005*, *Pension Protection Act of 2006* and *Tax Increase Prevention and Reconciliation Act of 2005*.

Before working for the Senate Finance Committee, Melissa served as Legislative Director for Rep. Richard Neal (D-MA), now Chairman of the Ways and Means Committee, developing legislation to end corporate inversions, and as Counsel for Ways and Means member Rep. Lloyd Doggett (D-TX), filing legislation to codify the economic substance doctrine. She was previously named "One of 20 Tax Staffers to Know" by Tax Notes Magazine.

Her experience on Capitol Hill also includes positions with former Senator Harry Reid of Nevada and the late-Rep. Ralph Hall of Texas. In the 109th Congress, she was a Stennis Fellow, a bipartisan leadership development program for senior staff of Congress.

Before working for Congress, she filled the post of Assistant Attorney General for the Texas Attorney General, working in Washington on federal cases and legislative matters. She also served in the first year of the Clinton Administration in the Justice Department for Attorney General Janet Reno.

Melissa earned her JD and BBA in finance from the University of Texas. Previously, she served as president of the Capitol Hill Chapter of the Federal Bar Association and is currently an active member and former co-chair of the Tax Coalition, a professional association of women in tax law and policy. She is a founding member of the National Charity League – Port City Chapter, a group of mothers and daughters volunteering in the Washington area. She hails from San Antonio, Texas, and is a proud parent of twins, Liam and Penny.

Aaliyah Nedd

Director of Government Relations

Aaliyah Nedd serves as Director of Government Relations for the National Cooperative Business Association (NCBA CLUSA). In this role, she leads NCBA's federal, state, and local outreach and advocacy work to develop, advance and promote cooperative enterprise.

Prior to joining NCBA CLUSA, Aaliyah worked on a variety of policy issues at the National Association of Counties (NACo). Most recently she served as the Associate Legislative Director for Agriculture/Rural Affairs and Immigration. Aaliyah holds degrees in International Studies and Russian and is a graduate of the University of Florida.

Dustin Sherer
Director, Government Affairs

Dustin Sherer serves as Director of Government Affairs at American Farm Bureau. Born and raised in Pueblo, Colorado, Dustin received his BA in Political Science from the University of Rochester in upstate New York. Prior to joining Farm Bureau in 2021, Dustin served the previous 10 years as a senior policy advisor in both the House and Senate specializing in agriculture, energy, environment, natural resource, water and tax issues.

Tiffany Smith

Vice President, Global Trade Policy

Tiffany L. Smith is Vice President for Global Trade Policy at the National Foreign Trade Council, the leading business association dedicated solely to advancing the interests of U.S. companies in international commerce.

As Vice President, she leads efforts to advance global commerce and strengthen U.S. companies' competitiveness abroad. She oversees the development and execution of NFTC's trade policy strategy and leads work on key bilateral and regional trade relationships, the World Trade Organization and tariff reform issues.

Tiffany previously served as senior policy advisor in Mayer Brown's international trade and government relations practices where she advised companies, trade associations, and non-profits on international trade policy and regulations.

Prior to joining Mayer Brown, she worked for 16 years in the Federal Government, serving in positions in the Office of the U.S. Trade Representative, the United States Senate, and the Department of Commerce.

During her time in the Senate, Ms. Smith was one of the lead staff involved in drafting and securing passage of the Trade Act of 2002.

While at USTR, Tiffany led industrial goods market access negotiations for nine Free Trade Agreements and for negotiations allowing several countries to join the WTO. Tiffany worked with key industry sectors, including autos, chemicals, consumer electronics, and information technologies to achieve results in trade agreements that facilitated U.S. exports.

She is a graduate of The George Washington University (M.A., International Affairs) and the Stephen F. Austin State University (B.A., Political Science).

Karla Thieman

SVP of Public Policy and Government Affairs

Karla Thieman serves as JBS USA Senior Vice President of Public Policy and Government Affairs.

Thieman joined the company from Finsbury Glover Hering, a leading global strategic communications advisory firm. She also served as chief of staff and senior policy advisor to Agriculture Secretary Tom Vilsack and as chief of staff to USDA Deputy Secretary Krysta Harden. Prior to her service at USDA, Thieman served as senior professional staff for the U.S. Senate Committee on Agriculture, Nutrition and Forestry. Thieman also held leadership positions on multiple Democratic senatorial campaigns.

Thieman earned a Bachelor of Science in Agricultural Economics from the University of Missouri.

Jacob Triolo

Partner

Jacob Triolo has been helping to shape federal tax policy since moving to Washington D.C. in 2004. Drawing on his extensive experience on Capitol Hill, Jacob brings to his clients a unique ability to identify public policy opportunities, develop effective lobbying strategies, and achieve success by utilizing a wide network of Senate and House relationships with key decision-makers.

Before joining Capitol Tax Partners, Jacob served as the Legislative Director and Tax Policy Counsel for now-Senator Todd Young (R-IN) of the Senate Finance Committee while he served as a member of the House Ways and Means Committee. Additionally, Jacob served on the staffs of Senator Olympia J. Snowe (R-ME) and Senator Gordon H. Smith (R-OR), both members of the Senate Finance Committee.

During his time on the Hill, Jacob worked extensively and advised his bosses on tax legislation, including the *Economic Stimulus Act of 2008,* the *Tax Increase Prevention Act of 2007*, the *Emergency Economic Stabilization Act of 2008*, the *American Recovery and Reinvestment Tax Act of the American Recovery and Reinvestment Act of 2009*, the *Middle Class Tax Relief and Job Creation Act of 2012*, and the *American Taxpayer Relief Act of 2012*. Jacob also worked to advance a number of priorities for then-Congressman Todd Young in the Camp Tax Reform Discussion Draft.

Jacob earned his LLM in taxation from Georgetown University Law Center, JD from Washington and Lee University School of Law, and BA from the University of Oregon.

Future Meetings

FUTURE MEETINGS SCHEDULE

2025

ANNUAL MEETING
February 11-13 • La Quinta Resort & Club • La Quinta, CA

EXECUTIVE COUNCIL MEETING
April 23-24 • NCFC Office • Washington, DC

WASHINGTON CONFERENCE
July 15-17 • Willard InterContinental • Washington, DC

EXECUTIVE COUNCIL MEETING
September 17-18 • NCFC Office • Washington, DC

2026

ANNUAL MEETING
February 10-12 • La Cantera Resort and Spa • San Antonio, TX

2027

ANNUAL MEETING
February 16-18 • Omni La Costa • La Costa, CA

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