National Cattlemen's Beef Association

Report of the

# 2023-2024 NCBA Tax Survey

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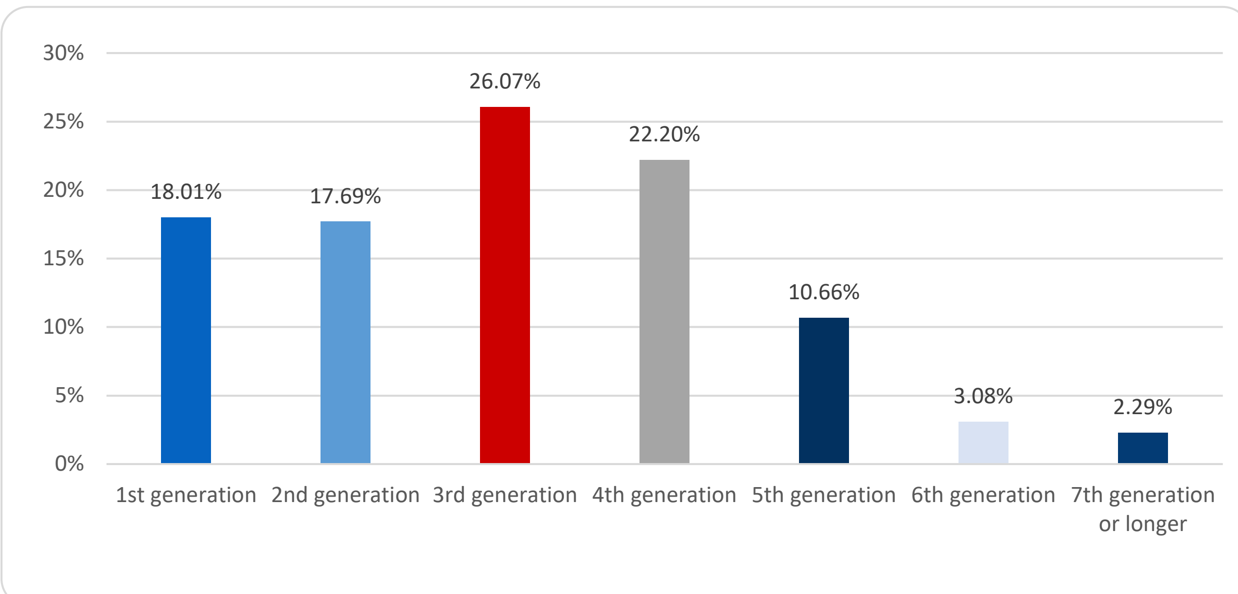
## Purpose

The National Cattlemen's Beef Association (NCBA) conducted a nationwide tax survey of cattle producers to assess the usage and importance of key provisions of the 2017 Tax Cuts and Jobs Act (TCJA) that are set to expire at the end of 2025. NCBA received 1224 responses from cattle producers between July 26, 2023, and March 1, 2024. The information gathered from the survey will be used in NCBA's advocacy efforts consistent with NCBA's producer-led policies.

## Demographics

Many of the respondents are from multi-generational, family-owned operations, with a majority identifying as Baby Boomer or older.

Regardless of legal structure, 99% of respondents identify their operation as a family-owned enterprise, and 64% of respondents are third generation cattle producers or greater. This multi-generational aspect is reflected in concerns regarding estate tax and succession planning discussed in this report.




Regarding legal status, 53% identify as sole-proprietor / individual owner, 23% are limited liability corporations (LLC), 10% are partnerships, 8% are S-Corporations, and 4% are C-Corporations. This represents the diversity of production and operational structure throughout the cattle sector.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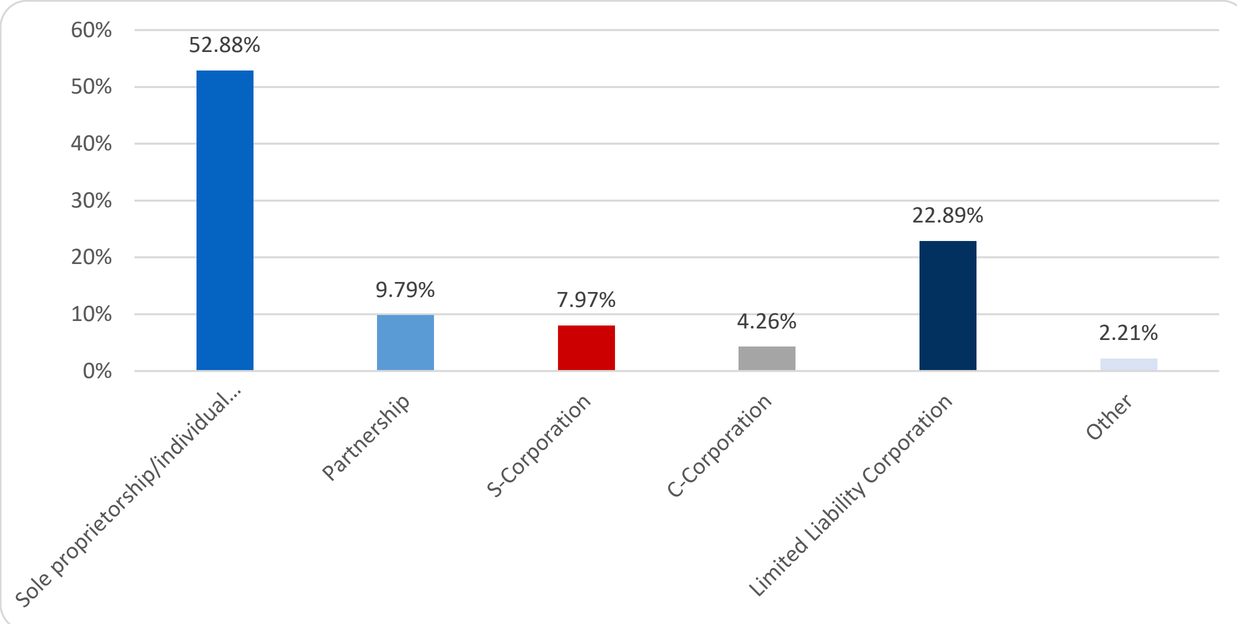


Like most of U.S. agriculture, the age of respondents is consistent with USDA analyses[1] that show a steady increase in the average age of farmers and ranchers. Many of the respondents (55%) identify as Baby Boomers, 25% identify as Gen X, 10% as Millennial, 7.5% Silent Generation, and 2.5% as Gen Z.

**Summary of Key Findings**

The tax survey focused on questions related to key provisions of the tax code such as the Federal Estate Tax, Capital Gains Tax, 1031 Like-Kind Exchange, Section 179 Expensing, Bonus Depreciation, and Section 199A Small Business Deduction. In addition to these provisions, the survey found that many family-owned operations are also concerned with income tax and property tax liabilities and use a diverse array of tools to manage tax liabilities to comply with the federal tax code. In fact, 25% of respondents budget at least $10,000 annually for tax preparation, filing, and potential audits.

**Important Tax Provisions for Cattle Producers**

*Stepped-Up Basis*

One tool that is particularly important is the stepped-up basis for inherited property. 96% of respondents support preserving the stepped-up basis because it is a critical tool for managing tax liability and preventing a capital gains tax on inherited farmland and pastureland. Simply put, the stepped-up basis allows for the readjustment of the value of an appreciated asset for tax purposes upon inheritance. Generally, if the heir were to sell the asset in the future, then capital gains tax would apply to appreciation in the asset's value from the time of inheritance. The stepped-up basis relieves the tax burdens placed on families by resetting the value of the land, equipment, and livestock to the fair market value.

This is particularly important given the increased value of farmland real estate. According to USDA, "[t]he average value of U.S. cropland (irrigated and non-irrigated) was $5,460 per acre in 2023, increasing 8.1% from 2022. From 2009 to 2023, cropland value increased 107%. For U.S. pastureland, the average value in 2023 was $1,760 per acre, a $110

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[1] 2002 USDA Census of Agriculture (average age 55.3 years old); 2007 USDA Census of Agriculture (average age 57.1 years old); 2012 USDA Census of Agriculture (average age 58.3 years old); 2017 USDA Census of Agriculture (average age 58.6 years old); 2022 USDA Census of Agriculture (average age 58.1 years old).



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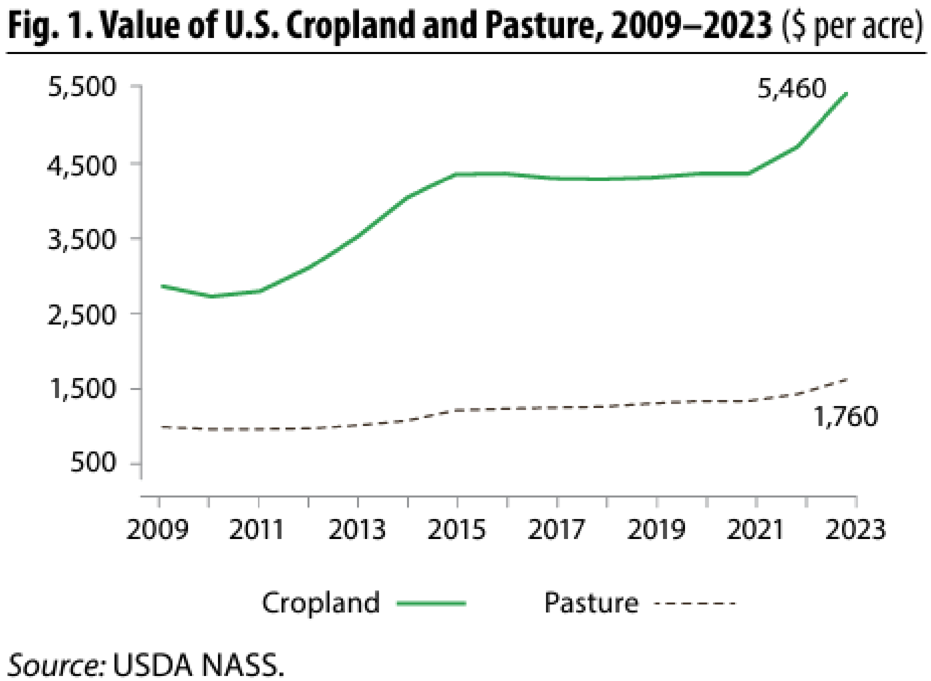
increase over 2022 and a 66% increase since 2009."[2] To that end, 66% of NCBA survey respondents admit that the increase in land values has affected the way they prioritize tax relief tools for succession planning.




Graphic: USDA-NASS, 2023 Agricultural Land: Land Values and Cash Rents

*1031 Like-Kind Exchange*

Many times, the value of real estate is a producer's greatest asset, and the sale of farmland can generate a hefty capital gains tax on operations that have limited cash flow. Section 1031 Like-Kind-Exchange is an important tool in minimizing exposure to capital gains tax because it allows a producer to defer taxes when they sell property and purchase another property of a like-kind within a short window of time. 18% of survey respondents have used Section 1031 Like-Kind-Exchange. Without Section 1031 like-kind exchanges, some farmers and ranchers must incur debt to continue their farm or ranch businesses or, worse yet, delay mandatory improvements to maintain the financial viability of their farm or ranch.

*Section 179 Deduction*

Agriculture requires significant investments in machinery, equipment, and other depreciable assets and because of this, farmers and ranchers place great value on tax code provisions such as Section 179 small business deduction. The ability to immediately expense purchases of equipment provides an incentive for farmers and ranchers to invest in their businesses.

The 2017 Tax Cuts and Jobs Act of 2017 (TCJA) raised the Section 179 deduction limit to $1 million with a total equipment purchase cap of $2.5 million. This was a significant increase from the 2017 Section 179 tax deduction that was set at a $500,000 deduction limit with a threshold of $2 million in total purchases. In 2024 tax year, the Section 179 deduction is limited to $1,220,000. The maximum deductible amount begins to decrease if more than $3,050,000 worth of property is placed in service. Once the $3.05 million limit is reached, the deduction decreases on a dollar-for-dollar

[2] USDA – National Agricultural Statistics Service, "2023 Agricultural Land: Land Values and Cash Rents," October 2023.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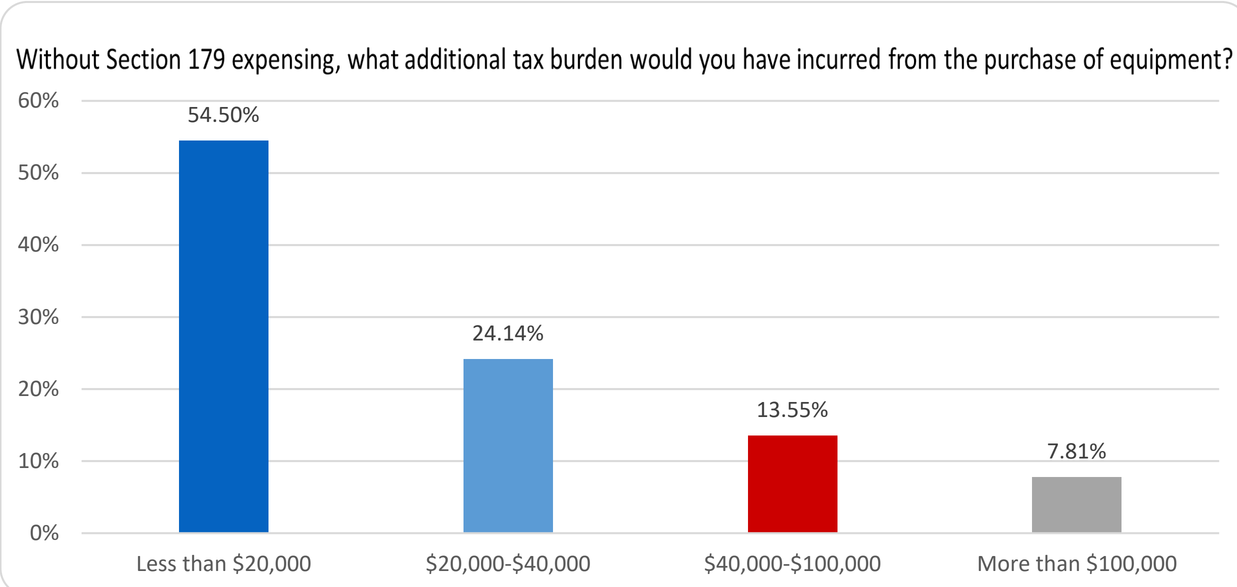
basis and expires when $4.27 million worth of equipment is purchased, making it a true incentive for small and medium-sized businesses, including farms.

Section 179 has long been an important tool for farmers and ranchers. It helps them with difficult cash flow struggles, lowers their marginal effective tax rate, and eliminates burdensome recordkeeping requirements associated with depreciation. 57% of survey respondents reported using Section 179 in the past 3 years, and 45% of respondents say they would have incurred an additional tax burden exceeding $20,000 if they did not have access to this useful tool.




*Bonus Depreciation*

Accelerated deductions allow producers to deduct expenses faster, reducing the tax burden and freeing up capital farm businesses can use to grow. Bonus depreciation, also known as first-year expensing, allows a business to deduct the cost of an asset the year it is placed in service. Farmers and ranchers generally use bonus depreciation when expenditures exceed the Section 179 small business deduction limits.

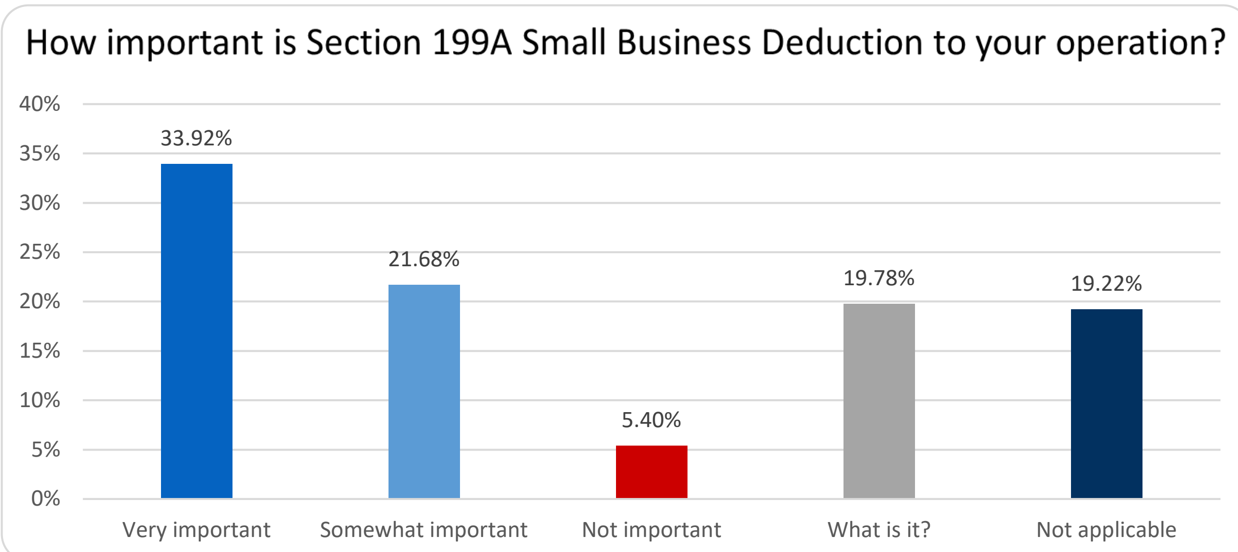
These improved tax incentives allow farmers to immediately write off capital investments, such as a new combine or tractor, and keep thousands of dollars in their bottom line. In addition to equipment purchases, other eligible items may include "off-the-shelf" computer software, and breeding livestock.

NCBA strongly supported the TCJA because it included modifications to Section 179 and Bonus Depreciation that allowed producers to maximize deductions for equipment purchases. These provisions can be used together to accelerate cost recovery, thereby reducing a farmer's taxable income. Prior to 2022, businesses were allowed to claim 100 percent depreciation in the first year, and when used in conjunction with the expanded section 179 limit, the TCJA effectively allowed for a full deduction during the year of the investment. After 2022, the percentage deduction decreased by 20 percent annually until bonus depreciation is eliminated in 2027.

According to the tax survey, 44% of respondents used Bonus Depreciation within the last three years, and 31% say they would have incurred an additional tax burden of over $20,000 without it.

*Section 199A Small Business Deduction*

Another product of the TCJA, Section 199A Small Business Deduction allows small businesses with pass-through business income to deduct up to 20% of qualified business income deduction (QBID) from taxable ordinary income. This is particularly important for farm and ranch businesses (S-corporations, partnerships, and sole proprietorships) that are not C-corporations and have income from sales through a cooperative. Section 199A expires at the end of 2025, and NCBA supports legislation to make it permanent. According to the tax survey, 56% of respondents consider Section 199A to be an important tool for their family business. Likewise, USDA's study showed that approximately 45% of all family farms are estimated to benefit from the QBID,[3] and elimination of QBID would increase tax liabilities for farmers and ranchers by $2.2 billion.[4]




**Estate Tax Concerns**

The estate tax, more commonly known as the death tax, is a significant threat to multi-generational family businesses and cattle operations. The NCBA tax survey solicited information regarding the number of producers who have been affected by the estate tax as well as the importance of tools used to mitigate the estate tax. These results are compared to a recent analysis by USDA's Economic Research Service that discussed the possible effects of sunsetting provisions of the TCJA. One important difference is that USDA's study was not specific to the U.S. cattle sector but reviewed the agriculture industry in general.

In NCBA's survey, over one third of respondents have been impacted by the estate tax; and of those respondents, 35% have been impacted more than once. In addition to the federal estate tax, 40% of respondents anticipate being subject to state-level estate tax. This helps explain why 27% of respondents believe the estate tax is their greatest tax concern. In contrast, USDA reports that between 1934 and 2016 only 1.8% of adults generated a taxable estate valued above the exclusion amount, and that number has fallen to 0.1% in recent years.[5]

NCBA survey results show that some respondents have allocated significant financial resources to comply with the estate tax and protect their business. For example, 18% of respondents have been forced to sell land, livestock, or other

[3] "An Analysis of the Effect of Sunsetting Tax Provisions for Family Farm Households," by Tia McDonald and Ron Durst, USDA Economic Research Service Report No. 328, February 2024, p. 21.
[4] *Ibid*, p. 28.
[5] *Ibid*, p. 29.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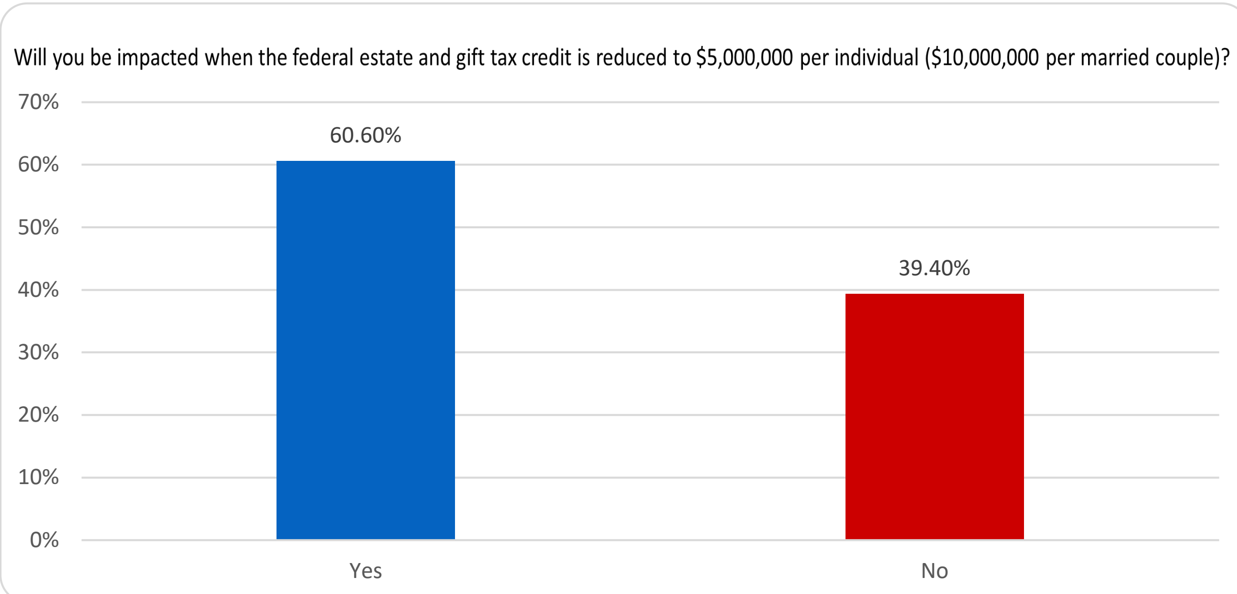
assets to pay for the estate tax, and 9% have taken out a personal loan or lien to pay for the estate tax. Sadly, 25% of respondents were prevented from investing in their operation due to the estate tax.

Current estate tax limits established under the TCJA are set to expire at the end of 2025. 61% of NCBA survey respondents will be impacted if estate tax threshold is reduced to $5 million per individual (adjusted for inflation). This contrasts with USDA's broad estimate that only 1% of farm estates will be subject to the estate tax if the threshold is reduced to previous levels.[6]



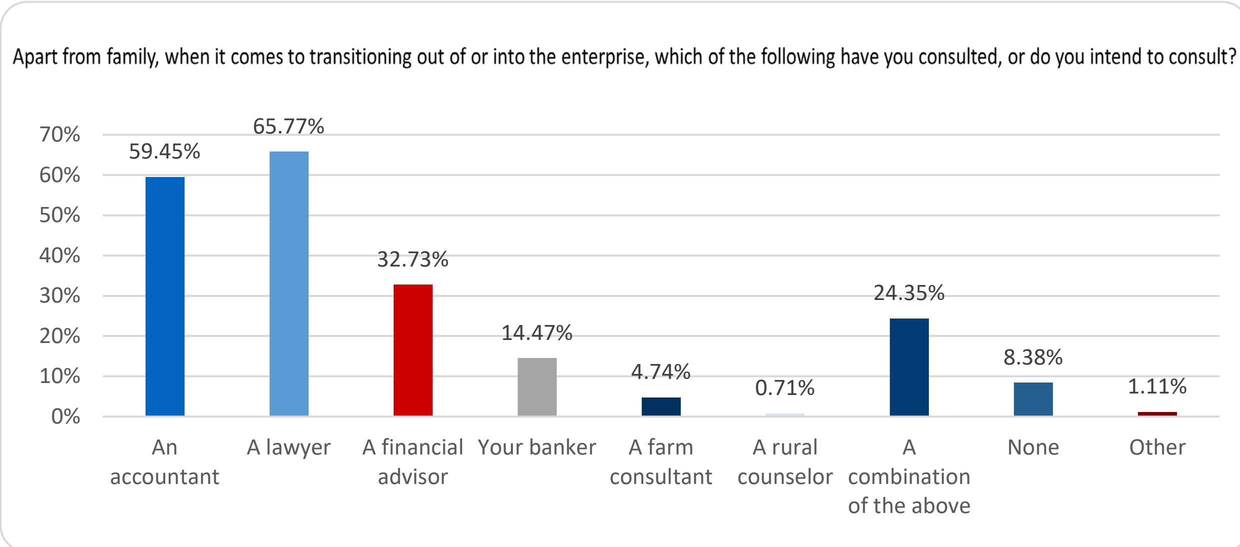

Another important tool for cattle producers is the 2032A Special Use Valuation for estate tax. This tool measures the value of real estate based on its current farmland value, not potential development value. The total value of the property valued under section 2032A may not be decreased from fair market value by more than $1,310,000. 13% of NCBA survey respondents have used 2032A to protect their family operations from the estate tax.

**Succession Planning**

Succession planning is an important tool in the continuation of multigenerational operations. As part of the survey, respondents were asked about their intentions to pass down their operation to the next generation as well as their plans to transition decision-making responsibilities to the next generation. Unsurprisingly, 65% of survey respondents plan to pass their operation onto their spouse or children. Regarding management of family operations, 56% of survey respondents have already transitioned out of day-to-day decision making for their family operation or plan to transition out of that role within the next 10 years, whereas 29% have no plans to transition or take a secondary role in the operation.

Succession planning can also be a significant financial burden to farmers and ranchers. Approximately 25% of respondents spend over $10,000 annually on estate planning. Much of this cost comes from seeking professional advice. For example, 66% have consulted an attorney for succession planning advice, 59% have consulted an accountant, and 33% have consulted a financial advisor. Additionally, half of the respondents have purchased life insurance and other tools to cover the cost of succession.

[6] *Ibid*, p. 34.




**Conclusion**

As multi-generational family businesses, cattle producers rely on numerous tax relief measures to invest in their operations and provide relief from disruptive effects of the estate tax. Key tax provisions like Section 179 Deduction, Bonus Depreciation, Section 199A Small Business Deduction, and 1031 Like-Kind-Exchange give producers the flexibility to invest and make improvements that help them stay competitive as rural, family-owned businesses.

Estate planning is an important part of ensuring the next generation of cattle producers have the option to continue their family operation. Farmland and pastureland are typically the greatest value assets for cattle producers, and the increase in farmland values increases the necessity for estate planning tools like the 2032A Special Use Valuation and Stepped-Up Basis to decrease pressure to take farmland out of production and develop it. Furthermore, the expiration of current estate tax limits is a threat to many survey respondents and will likely have a greater impact than USDA's survey indicates. Cattle producers need access to these tools for planning purposes and continuation of their multi-generational operations.

**Further Information or Questions**

If you would like further information or have any questions, please contact NCBA Center for Public Policy.

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## Addendum 1

### 2024 NCBA Tax Survey: Producer Stories

**NCBA asked all Tax Survey respondents to share their personal experiences with the estate tax and other tax issues. These are their stories.**

**Estate Tax**

"As I sit here watching my mother, who spent her life working herself to the bone so her children could have a start, succumbing to cancer, words cannot express my frustration and anger. All she wanted was to pass the family business on to her children. I have been through this several times. My grandfather died when I was 5 years old and our estate plan was considered as having valued our land too low, so we had to pony up. My father was killed in an accident when I was 20. We were once again subject to expensive and unwieldy maneuvering to avoid taxes. Now I watch my mother, and I wonder if we have it right this time or if we are going to have to sell part of her legacy that she worked so hard for because we didn't get an I dotted, or a T crossed. Going through papers from the late 1940's my grandfather went through the same thing when my great-grandfather died. It is getting old. I'm probably not in the right state of mind to be writing this now, probably sounds a bit bitter." – Colorado

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"I have four children, two of which are full-time on the farm. At my father's death in 2000, his estate had an estate tax liability of well over a million dollars. We were debt-free then. Paying off this liability (which produced no direct benefit to the farm to assist in repayment (like debt for improvements or expansion would)), has severely limited our operations. We are a successful farm operation, but we have passed up expansion opportunities because of our estate tax obligations. I am an attorney with a master's in tax law, and we used every lawful discount and exemption, but we were still severely impacted by this tax policy."

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"This is a huge obstacle to preserving and maintaining family farms and ranches. As it is, it's not an issue our family has yet come to terms with, but we are trying to prepare for the transition to the next generation. Unsure about the expenses and taxes that will be involved. Grateful and support what the NCBA and the Tax & Credit Committee do and continue to work on."

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"We are a small-medium sized family operation, earning a lower-middle class living while working extremely hard. Due to inflated land values from non-agriculture competition, it is nearly impossible to expand. Even more urgent, based on our income level, our operation should never be subject to estate tax. But due to these inflated land values, we will be if the law subject to the current estate tax exemptions (which need to be adjusted for inflation) is not changed. This could prevent us from transitioning our 4th generation family ranch operation to our son"

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"Under today's setup, you either pay thousands to consultants/planners and set up an unnecessarily complicated small business structure to reduce estate taxes or else pay thousands or millions in taxes. I am tired of watching crippled old men, of which I am fast becoming one, not be able to pass on their hard-earned operations to the next generation.

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"Our operation is likely now worth over $5,000,000. At the last death in the family, it was worth closer to $4,000,000. It was under the exemption limit. We have looked at several methods of transfer of ownership to my generation from my parents. Our situation is likely much simpler than many. However, land value continues to appreciate in our area. Over 5 times in my lifetime. I want to stay in front of this issue for my family so that we don't get caught unexpectedly."

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“Given our current financial situation, the cost of securing a reputable person to assist us with the transition of the family ranching business is out of reach for us. We desperately need someone to assist us with the transition of our operation since the death of my father. My mother is still living. I hear from so many of my ranching friends that their biggest fear is after years of working 24/7, that they are going to lose their way of life to greedy family members.”

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“Lawyers cost a fortune. Leaving your farm to your children should be easier than this. Land all around us is being sold. Where will your food come from?”

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“I feel there shouldn’t be any inheritance tax at all.  It is ridiculous to be taxed for something already paid for and already taxed...just because it was inherited due to a death.”

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“Our family story does not compare with the larger operations that these rules apply to. However, our family farm and all the farm acres have a story. Mostly it existed because that is what families did in the country. They raised what they needed to live and feed their family. If they were able to barter and raise extra, that meant income and capability to better their lifestyle or invest back into the farm or operation. Familiar story for most who lived the American dream at the time. Our family farm situation went from 250 acres just two generations ago to less than 30 today. The cattle industry changes from the 1980s coupled with drought, rising input costs and diminishing returns, tax breaks, and other financial impacts have truly made our operation less and less attractive to the next generation. My grandfather had to sell off acres at times to sustain life. The operation went from my grandfather to my uncle in the early 80s on the same family farm that was reduced to 16 acres over time, then adding a secondary property of 100 acres. The original property then went to my dad and was used to raise goats and competition horses for a time until the property was sold outside the family upon his health deteriorating. The return on goats proved an increase over cattle for some time. The secondary property continued raising cattle until that acreage was sold upon the death of my uncle. I continued with both horses and cattle on a third property after moving away from home due to joining the military. We are now only using 20 acres and have four head for a cow / calf operation that doesn't support the input cost. No one in our family or extended family is interested in continuing any operation or farming because they cannot support their family with this size operation.”

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“The farmland is presently worth more to real estate developers than for Ag purposes. We would like to preserve the land as Ag land and pass it along to grandchildren or nephews, but the taxes are too great.  Financially it makes sense to sell land and cash out for the next generation even though this is NOT what we desire.”

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“All 3 of our adult children have returned to the family cattle ranch and have started families of their own.  We are very hopeful & anxious about their opportunities to keep the family ranch going into the future.”

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“We just received a small amount of land with family death. We are facing crazy taxes. Even small landowners of old farms need help. I am part of a large family farm as well as a small farmland. This has to stop.”

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“My dad underwent careful planning over 30 years ago to put our land and assets in trust and try to protect our family from being impacted by the estate tax. But of course, this creates a lot of legal headaches, expenses, and restrictions. The estate tax is an abomination on the American people, it never should have passed in the first place, it should be completely, 100% repealed. The government has far too much say and control over every aspect of our lives.”

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“While I have not been affected, my father and grandfather were. The larger family ranch was sold for 900k and developed into a fancy high-end community with 20 homes with acreages for 5 million each.”

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“We have lost two generations of our family being able to stay in the farming operation because of the inheritance tax. I am the last of my family in 5 generations still ranching because the ranch has dwindled down to where it will only support one family.”

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“My parents are 79 years old. I will be affected by estate taxes, likely in the next 10 years. If the current provisions are not extended, I may not be able to continue ranching, much less pass it to my children.”

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“In all honesty, I think it’s disrespectful to even have an estate tax. The government is taking advantage of a family that has more than likely just been through a huge loss then they tax them because of it.”

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“We will have to sell the ranch to pay estate taxes if the government does not intervene.”

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“Staying out of debt and then having to sell the property or assets because of estate taxes seems wrong. Let farms and ranches stay as agricultural property during succession until it’s no longer agricultural property, then assess the development property. Leave the ag land alone! They are not making any more of it!”

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“The expense of addressing successional and estate tax planning usually involves creating an assortment of legal entities that involve complicated tax, land ownership, water right ownership, federal and state grazing permit, and lease issues. This makes the general management of a large two-state livestock operation really time-consuming. This takes away valuable management time and effort that are important to the economic survival of a private business.”

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“It is very stressful to pay the insurance for this and adds extra worries/stress to an already very stressful industry. And it is not in the long-term interest of our national security for farms and ranches to be so burdened that they are sold and then taken out of food and fiber production, not to mention the threat to biodiversity and loss of ecosystem services. Tragic and mind-numbing.”

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“It is one of the biggest fears of our family. We are doing everything we can to figure out how to save the ranch from being sold if the death tax should be applied to our land. We don’t make any money on our ranching operation and do it for the love of the land and open space and especially for future generations of our family (and the public) to have.”

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“My Grandfather told my dad that taxes were just not an issue many years ago. The taxes totaled 1/2 of 1%. It was his recommendation that they just pay the taxes. During my dad’s effort to resolve the estate tax issue, we worked on it for 20 years gifting ownership away from the operators of the farm. In today’s world that will not even work. With the government’s highest and best use appraisals and the government pushing development and needing our water for housing and having no thought of the value of farming and ranching, our situation is looking dire. If we do not receive higher tax credits and maintain protection against the whims of a nonunderstanding congress our family farming business will be gone after this generation. All because they need the value out of our business to cover their very poor financial decisions. There is nothing fair or right about capital gains tax on land that is continually owned by family or the death tax. We have paid our taxes and bills for over 100 years.  Why should we be penalized for being successful at that?”

"Estate Tax in its current form would make it very difficult to pass this operation to the next generation. Also, the legislative action requiring more rapid withdrawals from inherited retirement plans increases the tax burden and decreases the amount available to help pay for the death tax. U.S. Congress continues to fail us."

"Being subjected to estate tax can be crippling. I've experienced this TWICE & the assets that were taxed had been previously taxed. It's truly nonsensical."

"As the third generation, we have grown our family farm and ranch business but if the current estate exemption doesn't remain in place our kids will be forced to sell to pay the tax instead of being fourth-generation owners and operators. It is IMPERATIVE that the exemption limits remain and adjust with inflation or family farms will become extinct."

"I'm 74 years old and the estate tax has been one of the biggest challenges in my life."

"We bought all assets and worked a lifetime with it and do not feel that the next generation should pay for it again."

"My dad nearly lost the ranch over estate taxes in the 1960's. I was a small child and remember the stress my family went through at the time. He made it. Barely, and it was extremely difficult and limited business opportunities for decades. I don't want it to happen again!"

"Took my parents many years and several thousand dollars to develop their estate plan. Now it's my turn to start the process all over again consuming more time and money! Lawyers get rich again!"

"We want to repeal the estate tax, state and federal completely."

"I'm still working and running my horse business. I will at some point sell and buy in the south. I certainly don't want to have to spend all my money from selling in New York to buying a place in Texas to relocate the business. I would like to be able to have savings. I don't want to be taxed at death or selling and buying a new place. Enough with the taxes. All this country does is take and take. You work all your life, and the government is there at the end to take all that you have worked your whole life to have. Enough is enough."

"There should be no tax when passing your farms & land to your family members. We pay enough property taxes and other taxes. No death tax."

"Repealing the tax is the only way for families and small businesses to be able to "set it and forget it" so to speak. We must always worry about what's to come with a new administration and new majority in Congress. Families and small businesses must spend a fortune they don't have to try to stay ahead of what the future holds. We are not wealthy people. developing a trust would be very costly for us. The death tax needs to go away so we are not in constant limbo. We have struggled to pay for what we have and should be able to pass it on intact without our children having to be taxed. We've been taxed enough already getting our assets put together!"

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"We have a family ranch as well as a 45-year-old family business with 150 employees. We are trying to work on succession planning, and it is challenging. Don't want to have to sell everything that we have worked so hard to build to pay taxes."

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"My Father spent a lot of money in estate planning. Thank the lord! We are set up in a trust now to get the ranch passed down to our son. But then he has the burden of setting something up to pass along to my granddaughters. I feel it's always uncertain what the lawmakers are going to change in tax laws as to whether we will be protected or not."

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"We have talked about the succession planning & estate planning but have not done anything, for fear of not doing the right thing." – Texas

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"We cannot plan how to handle our estate upon death because we don't know what the government or tax consequences will be in the future or what will be in effect when we die. This is a really bad situation to find ourselves in and it continues to frustrate the American people."

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"We have changed our planning when they change the rules to take advantage of the breaks. This costs money every time. Just get rid of the death tax."

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"Generational farms have no 'real' basis for an assessment against fair market value. Family farms, not institutionalized corporations, can no longer afford to pass on land or farms to future generations due to estate taxes as well as increasing property taxes being driven by suburban sprawling development."

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"As a rancher that started with nothing my net worth is greatly tied up in land that I've bought. Without higher estate limits the estate taxes will force my heirs to sell the land to pay the taxes."

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"When we transitioned from the previous generation to the current generation, we paid $250,000 the first time and another $250,000 to transition to the next generation. Our property tax assessments go up every year and have increased another 15% for next year. The rules are confusing and trying to find an attorney that explains things seems impossible."

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"We have already been taxed on this. We shouldn't have to pay tax on it again!"

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"Succession and estate tax are the two most important factors that reduce heirs in agriculture."

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"We feel succession planning is such a moving target! We keep checking in with our attorney to make sure we're still on the best path so that our children can farm without having to buy the farm twice. We need some stability on the laws impacting small-business succession so we can use our financial resources to grow our business instead of paying attorney fees."

"When I die, my son will probably have to sell a portion of our family farm to pay the estate tax. I used after-tax dollars to purchase and improve this farm. I should not have to pay taxes again! Small family farms are declining. Don't let this happen because the government has taxed us out of business. Farming is riskier than the stock market. The larger livestock conglomerates already dictate pricing to us. We are cost takers, not price makers."

"The estate tax is a government money grab. One spends a lifetime building an operation paying taxes on income from that operation and on the assets they have established. Most times it's done with the goal of building for the next generation. That's been the history of sustaining production agriculture in America for generations. I have seen the demise of several established family ranches and farms due to the financial challenges of dealing with estate taxes. American agriculture will only be sustainable if we protect the economic efficiency and passion that is the trademark of a family operation. Elimination of the death tax is a major step toward that goal."

"The family farm will not survive inflation much less worry about estate taxes. The working class cannot survive much longer."

"The old tax code made it very difficult to keep the farm together and in the family. The government seems to want to keep the family farm going but estate taxes go directly against it."

"Our business is predominately a family-owned agri-business, not a farm. Almost the entire family's wealth is tied up in this business. Have 4 children involved in this business which provides their livelihoods. Retention of the capital in the business is essential to the ongoing successful continuity of this business, Furthermore, the business capital was not derived from asset appreciation but was derived through retention of income on which income tax was paid and should not be taxed again. This business would probably need to be sold to cover the estate tax liability."

"Family-owned ranches & farms and small family businesses are the backbone of America. Without them, our country will fail. Society needs to understand who feeds and clothes them. It's farmers and ranchers. My great-great-grandfather established our ranch in 1900. We have had to maintain outside jobs to keep this land. We are looking for alternative sources to continue to do this. They're not the sources we want but the sources we MUST consider. Otherwise, the next generation will likely have to sell."

"Pretty sad that my kids will basically have to buy the ranch in the amount of estate tax we will have to pay. Which really upsets me considering my parents had to do the same thing when my grandparents passed and then I had to do the same when my parents passed. When is enough enough?"

"The ranch has grown in value on paper but does not generate any more income. There is no way the current estate tax limits can keep up with this change in valuation. It sustains 3 families but will have to be sold to pay taxes."

"Any estate tax would mean sale of the ranch and ending 3 generations of ownership, which began with homestead in 1894."



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"I feel inheritance/estate tax should be abolished completely. All of this has been taxed several times and will continue to be taxed yearly with property tax! It is a shame our governor has not been successful in doing away with property tax in our great state of Texas."

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"No one considers that the financial strain begins before death. In addition to the estate tax, nursing home care is an almost insurmountable burden for small family farms. If your elders don't have the foresight to restructure the farm into a trust or an LLC years before their health seriously declines, you're stuck scratching up $7-$11k a month for nursing home care for months to years before you even get hit with the death tax. Family-owned farmland isn't a regular asset that can be valued like business property, despite what Medicare says. The struggle to keep the farm while providing adequate care for your elderly parent is already a horrifying and painful lifestyle. Many small farms are barely enough to keep the family fed, how can you possibly afford to sell any land or livestock to pay for the nursing home and still eat? What happens if it's a dry year and all your available cash is going to feed and other operations costs? At the end of a long and emotionally exhausting struggle with an aging parent, you've got funeral costs. After the funeral when you're already drained financially and emotionally, here comes the death tax. Better hope that the bank will extend that operating loan, or you're going to be finding a little house in town and working at the gas station to survive. We see the romanticizing of ranching in the media, and lawmakers are willfully ignorant of the realities of livestock farming."

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"As the son of an agricultural producer, as well as a first-generation producer, I'm concerned about the implications of my father and mother passing. Their farm will have significant tax implications with little in liquid assets to offset. I'm afraid that when that happens, I'll have to sell my current operation in Georgia to satisfy the estate taxes. This would cause two functioning operations to become one, impacting the potential food security of our country by removing the agricultural value. I would also have to uproot my family to Texas and ultimately quit my day job to be able to afford to maintain the family homeplace. Without changing the current tax code, we are condemning our country to decreased agricultural production and jeopardizing our national security as being those that feed the world, especially as the largest portion of agricultural production will age out of their roles."

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"The farm will possibly have to be sold to pay taxes."

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"I am a 6th generation farmer/rancher from Southern Iowa. My family has met with estate planners and lawyers to do our best to minimize estate tax; however, changing tax policy, exemption levels, etc. make it difficult to do planning. As stewards of the land and caretakers of the livestock who are feeding America and a growing world, we would appreciate policy makers who understand the burdens of federal estate tax and how it can cause the breakup of multi-generational farms and ranches. We don't mind paying our fair share of tax, but when we are taxed on our parents and grandparents' lifelong earnings and successful businesses (most often the largest part of a farming or ranching estate is the LAND that has greatly appreciated in value), it discourages and burdens the younger generation coming into the business."

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**Capital Gains**

"It is imperative we find a way to sell land and cattle to the next generation without heavy capital gains tax. Those generations cannot afford the greatly capitalized investment and the boomer generation cannot afford the capital gains tax on a lifetime investment of blood and treasure without acquiring an amortized increase in sale proceeds. If we don't act, I fear we will lose many of those herds of less than 50 head which provide half our beef supply. We will lose those operations to suburban sprawl, recreation, and other industries as corporate cattle entities will likely not invest in those smaller operations." – Nebraska

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**Stepped-Up Basis**

“I lost my husband 5 years ago and fortunately we were able to use the stepped-up basis to preserve our farms so our 2 sons could continue the arming operation with had they had grown with their dad after coming back to the farm.”

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## Property Tax

“Property taxes, and income taxes in general. We are literally back to 1776. We do not have the representation we think we do, and they rob us blind. The taxes taken out of us are out of everything we touch!”

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“We are first generation and have our small farm in a trust. The trust is because we are concerned about estate taxes. We know several people who had to sell their family property due to estate taxes...but also in Texas...property taxes. When the parents died, the city considered it "development property" changing the property tax owed.”

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## 2032(A) Special Use Valuation

“The 2032(A) special land use valuation helped to avoid estate taxes when my father passed away and land valuations were low. My mother passed away in 2010 when there was no estate tax. Had it not been for those unique circumstances, we would have had to sell assets just to keep our land and home.”

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## Income Tax

“We always dread the taxes when they come due in October. We normally do not have calves fully weaned until November. This leaves us with a shortfall before we can sell the calves, it is difficult, and we have to penny-pinch until we can refill our accounts from the sales ring.”



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