

July 27, 2020

Dear Caucus Leaders,

As leaders in Minnesota's agriculture community, we write to express our extreme disappointment following the disheartening news that the Minnesota Legislature is unable to reach a bipartisan agreement on a deal linking the bonding and tax bill. We expect a more cooperative spirit from the elected officials we send to St. Paul. By not passing full 179 conformity, farmers do not have tax certainty and continue to receive large state tax bills compared to small businesses in neighboring states in a similar tax situation. –

Throughout the 2020 Legislative Session, farm groups were assured countless times that full conformity of Section 179 was a key priority for both Democrats and Republicans in the House and Senate, along with Gov. Walz. We understand this session was truly unlike any other in the state's history. Circumstances were unique to say the least. We understand that the ongoing COVID-19 pandemic threw a wrench into the legislative process. However, unprecedented circumstances are no excuse for the lack of cooperation to fix a broken policy that left many farmers with huge tax burdens when buying machinery necessary for their work. We gained partial conformity in 2019, but we all know that didn't go far enough – legislators told us as much throughout 2019 and into 2020.

Minnesota farmers are hurting. The ongoing pandemic and low prices have contributed to a bleak situation for Minnesota agriculture. Farm income is at its lowest in decades, as tariffs and market conditions have conspired to wreak havoc on our ability to market and sell our products. This tax burden is unnecessary and exacerbates an already difficult situation.

As we've made clear to members of the legislative body and Walz administration, changes to like-kind exchanges in the 2019 legislative session led to many unintended consequences for agriculture. Passing full – not partial – Section 179 conformity (retroactive to 2018 and 2019) would right this wrong, equating to more than \$200 million in critical tax relief to Minnesota farmers.

Producers needed this relief when changes were made at the federal level in 2017. Farmers simply cannot wait until January for the Legislature to pass full Section 179 conformity. Stand up for farmers, machinery dealers, small businesses and the state's economy and pass full 179 conformity now.

Sincerely,

Minnesota Corn Growers Association
MN Farm Bureau
MN Milk Producers Association
MN Pork Producers
MN Soybean Growers Association
MN State Cattlemen's Association
MN AgriGrowth
Ag Country Farm Credit Services
Compeer Financial
Red River Valley Sugarbeet Growers Association