

**Congress of the United States**  
**House of Representatives**

Washington, DC 20515

February 21, 2018

The Honorable Paul D. Ryan  
Speaker  
U.S. House of Representatives  
H-232 The Capitol  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
S-230 The Capitol  
Washington, D.C. 20510

Dear Speaker Ryan and Majority Leader McConnell:

Thank you for your dedication and leadership to provide tax relief for Americans and strengthen our economy. We're pleased to see many Americans benefitting from the Tax Cuts and Jobs Act (TCJA) through wage increases, bonuses, and business investments. However, like you, we've heard from many constituents in the agriculture industry with concerns regarding the unintentional inequity created by Section 199A. While not intended, this Senate sponsored provision has resulted in a dramatic competitive imbalance impacting numerous agricultural value chain stakeholders including grain handlers, feed mills, seed companies, ag retailers, biofuels producers, banks, livestock marketers, and dairy processors. Left unchecked, Section 199A's uncompetitive impacts will ripple across many other industries.

Prior to the TCJA, Section 199 of the tax code allowed certain businesses, including farmer cooperatives, a tax deduction for "qualified production activities" which was incredibly beneficial to farmer cooperatives. Unfortunately, Section 199A goes too far and has created a tax advantage for producers who sell to cooperatives instead of private and independent businesses. Thus, producers' marketing decisions are skewed by a strong economic incentive to sell to cooperatives rather than private and independent businesses. We're concerned this provision unfairly distorts the marketplace with the potential to reduce competition, directly harm small and independent businesses, and increase consolidation in the agricultural industry.

The unintended consequences caused by this Senate provision to the TCJA must be addressed immediately. The remedy should retroactively restore the competitive marketplace for agricultural producers and replicate the tax benefits accorded to cooperatives and their farmer-patrons under Section 199 prior to the enactment of Section 199A.

Sincerely,

  
\_\_\_\_\_  
David Young  
Member of Congress

  
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Rick Crawford  
Member of Congress

Luke Messer  
Luke Messer IN-06  
Member of Congress

Frank Lucas  
Frank Lucas OK-3  
Member of Congress

Tom Emmer  
Tom Emmer MN-06  
Member of Congress

Darin LaHood  
Darin LaHood IL-18  
Member of Congress

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Paul Ryan IA01

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Darin Smith NE03

French Hill AR-2

Mac Thornberry Tex-13th

Tim Huelskamp TC-14

Ron Estes KS-04

Amodeo NO-02

Bob Goodenow VA-6

John Moolenaar MI-04

Guy Bradley IN 2

Fred Luster MI-6

Ed Royce NO-03

Ken Calvert ND

Scott Miller KY-2

~~WV~~ WI-08

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Earl & Buddy Latta GA-1

Art Latta CA-6

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Lynn Jenkins KS-02

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Ken Buck CO-4

Wam & Dicker OH-08

Bruce Weber NE-04

Larry Bucshon IN-08

Dan P. Roe TN-01

Jim Babin TX-36

Greg Thompson PA-05

Tommy MS-01

~~Raymond~~ IN-09

MT-AL

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Glenn Groe WI-06

Grime Henry Beytler WA-01

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Suzanne Brooks IN-5

TX-19

TX-12

Rick W. Allen GA-12

Jeff Fortney NE-01

Stechmark AR-05

(CO-03)

Charles J. Fleischman TN-3

Christi Scott GA-8

Tia Walberg MI-7

Claudia Feinberg NY-22

~~Jan [unclear]~~

Steven Polyzos MS-4

Blake Farentz TX-27

Vicky Hartzler MO-4

John SL-15

Michael T. McCaul TX-10

Tom Graves GA-14

Bill Johnson OH-6

Will Hurd TX-23

Bob [unclear] IN-4

Thom E. Jaster OH-4

A.P. Off WI-7

Mike [unclear] LA-4

~~[unclear]~~ TN-04

Steve Anhalt OH-1

Bob Dicks OH-7

Blair [unclear] MO-3

~~[unclear]~~ TX-2

Jon [unclear] OH-04

Mike Roge AL-03

Paul [unclear] AZ-4

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