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

February 21, 2018

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

Rick Crawford  
Member of Congress
Section 199A Letter Coseigners:

Rep. Rod Blum (IA-01)  Rep. Trent Kelly (MS-01)
Rep. Mike Bost (IL-12)  Rep. Trey Hollingsworth (IN-09)
Rep. Randy Hultgren (IL-14)  Rep. Susan Brooks (IN-05)
Rep. Steve Womack (AR-03)
Rep. Chuck Fleischmann (TN-03)
Rep. Todd Rokita (IN-04)
Rep. Austin Scott (GA-08)
Rep. Bob Latta (OH-05)
Rep. Tim Walberg (MI-07)
Rep. Sean Duffy (WI-07)
Rep. Claudia Tenney (NY-22)
Rep. Mike Johnson (LA-04)
Rep. Scott Tipton (CO-03)
Rep. Steven Palazzo (MS-04)
Rep. Steve Chabot (OH-01)
Rep. Blake Farenthold (TX-27)
Rep. Bob Gibbs (OH-7)
Rep. Vicky Hartzler (MO-04)
Rep. Blaine Luetkemeyer (MO-03)
Rep. John Shimkus (IL-15)
Rep. Michael McCaul (TX-10)
Rep. Jim Jordan (OH-04)
Rep. Tom Graves (GA-14)
Rep. Bill Johnson (OH-06)
Rep. Will Hurd (TX-23)
Rep. Ted Poe (TX-02)
Rep. Mike Rogers (AL-03)
Rep. Paul Gosar (AZ-04)