

February 25, 2020

The Honorable Steven Mnuchin  
Secretary of the Treasury  
1500 Pennsylvania Ave, NW  
Washington, DC 20220

Dear Mr. Secretary:

The American Farm Bureau Federation is aware of the Internal Revenue Service's (IRS) intent to finalize regulations regarding Section 199A of the Tax Cuts and Jobs Act as it relates to agricultural cooperatives.

With nearly 6 million member families, the American Farm Bureau Federation (AFBF) is the nation's largest general farm organization, representing farmers and ranchers who produce nearly every type of crop and livestock across all 50 states and Puerto Rico. Our diverse membership relies on a vast network of privately-owned and cooperative businesses to obtain needed production supplies and to market their commodities to processors and consumers.

AFBF supports efforts to replicate, to the greatest extent possible, the tax benefits afforded to farmer-owned cooperatives and their farmer-patrons under Section 199 of the tax code as it existed prior to its repeal in the Tax Cuts and Jobs Act. We support restoring and preserving the competitive landscape of the marketplace so the tax code does not provide an incentive for farmers to do business with a company solely because it is organized as a cooperative or a privately held company. As such, we encourage you to include nonpatronage income in the cooperative 199A deduction calculation.

As the United States Treasury Department and the IRS work to finalize regulations regarding cooperatives, we encourage you to let these objectives act as a guide in finalizing the rule. With due diligence, the resulting final regulation will return the marketplace to the competitive balance that existed prior to enactment of the Tax Cuts and Jobs Act of 2017.

Thank you for your consideration of our views and your work to provide regulatory guidance for implementation of Section 199A of Tax Cuts and Jobs Act.

Sincerely,



Zippy Duvall  
President