

October 16, 2009

The Honorable Nancy Pelosi
Speaker of the House
of Representatives
Washington, DC 20515

Dear Madam Speaker:

We, the thirty-six undersigned organizations, write to express our support for inclusion of H.R. 3524 into the tax extenders package. We ask for your assistance in providing relief to preserve California's family farms and ranches.

For years, we have shared with Members of Congress the personal stories of farmers and ranchers whose livelihood has been greatly impaired by the estate tax. To address this issue and help protect family farms and the lands over which they have stewardship, we are supporting the Family Farm Preservation and Conservation Estate Tax Act, H.R. 3524, sponsored by Congressman Mike Thompson.

H.R. 3524 would exclude farm assets from estate taxes for as long as the property remains as a family agricultural operation. The bill would also protect the environment by exempting properties protected by a qualified conservation easement. This would strengthen California agriculture by providing certainty in estate planning for farmers and ranchers who pass their operations to the next generation. These hardworking agriculturalists would be saved from fragmenting their operations to pay the estate tax, especially during tough economic times.

The estate tax has penalized farmers and ranchers for decades, and nowhere more so than in California. Our productive lands are constantly threatened by development or conversion to other uses. Our land values are among the highest in the nation and as a result agricultural operations quickly exceed the current exemption levels. When deaths occur within a family, it is usually impossible to continue the operation without re-mortgaging the property or selling some or all of the land to satisfy the tax settlement.

In the last decade, we have supported solutions by advocating for increased exemption amounts and a decreased tax rate. However, current proposals to extend the 2009 provisions of the law are simply not adequate for California's farmers and ranchers.

Though we continue to support the highest exemption levels possible, we believe it is essential that Congress additionally deal with the unique problems that farmers face with generational family transition. There have been erroneous claims that farmers are not impacted by the estate tax. We know the impacts are substantial and the avoidance costs severe, including those costs associated with accounting, legal fees and other planning measures. These costs rob farmers and ranchers of much needed working capital. According to a recent USDA-ERS report, farmers and ranchers are 5-20 times more likely than the average estate to face an estate tax burden.

Everyone benefits when farmlands and closely related agricultural operations remain within the family. The primary benefits include preservation of open space, protection of wildlife habitat and a continuation of a strong, generational conservation ethic.

We appreciate your willingness to consider H.R. 3524 in a tax extenders bill this year to ensure protection for agriculture.

Sincerely,

Agricultural Council of California
Allied Grape Growers
Apricot Producers of California
Blue Diamond Growers
California Alfalfa & Forage Association
California Association of Wheat Growers
California Association of Winegrape Growers
California Canning Peach Association
California Cattlemen's Association
California CattleWomen's Association
California Citrus Mutual
California Farm Bureau Federation
California Grain and Feed Association
California Grape and Tree Fruit League
California Pear Growers Association
California Poultry Federation
California Rangeland Trust
California Rice Commission
California Seed Association
California Tomato Growers Association
California Warehouse Association
California Women for Agriculture
California Wool Growers Association
Farm Credit Services of Colusa-Glenn, ACA
Farm Credit West
Federal Land Bank Association of Kingsburg
Nisei Farmers League
Northern California Farm Credit
Prune Bargaining Association
Raisin Bargaining Association
Sunkist Growers
Ventura County Agricultural Association
Western Growers
Western Pistachio Association
Western United Dairymen
Wine Institute