

Congress of the United States

Washington, DC 20515

May 22, 2006

The Honorable Charles Grassley
Chairman
Committee on Finance
219 Dirksen Building
Washington, DC 20510

The Honorable Max Baucus
Ranking Member
Committee on Finance
219 Dirksen Building
Washington, DC 20510

The Honorable Bill Thomas
Chairman
Committee on Ways and Means
1100 Longworth Building
Washington, DC 20515

The Honorable Charles Rangel
Ranking Member
Committee on Ways and Means
1106 Longworth Building
Washington, DC 20515

Dear Chairmen and Ranking Members:

As Members of the Congressional Wine Caucus, we are writing to express our strong support for a provision, which had been in the Senate-passed version of the Tax Reconciliation bill (S. 2020), to expand the deductions available to landowners who donate a conservation easement. We support the inclusion of this provision in the second tax package you are currently negotiating.

Specifically, this provision does two things:

- It extends the carry-forward period for such deductions to 15 years from the currently allowable five years; and
- It raises the cap for such deductions to 50% of donor income for all individuals except ranchers and farmers, who are capped at 100% of donor income. Currently, this cap is at 30%.

This provision is of critical importance to the agricultural and viticultural community. It builds upon currently existing deductions in a way that will help our working farmers remain in agriculture – rather than opting for the often more profitable avenue of selling their land to developers.

But this provision will also have significant beneficial impact from a conservation perspective. It provides stronger incentive for private landowners to willingly donate lands that will guarantee better water and habitat for wildlife. More land being held in trust for conservation purposes translates into cleaner water and air, the maintenance of more green space, and better-protected agricultural lands.

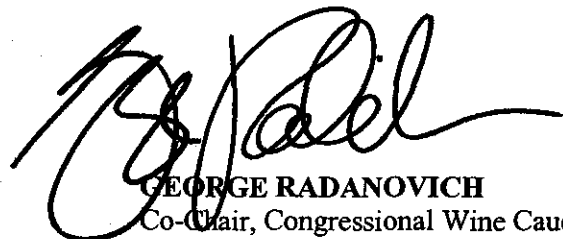
The viticultural community clearly sees both the agricultural and the conservation benefits from this provision. As such, it enjoys the strong support of WineAmerica, the Winegrape Growers of America, the California Association of Winegrape Growers, and the Wine Institute.

As Members of the Congressional Wine Caucus, we respectfully request that this provision be included in the tax legislation being crafted as an extension to the tax reconciliation conference report.

Sincerely,



MIKE THOMPSON
Co-Chair, Congressional Wine Caucus



GEORGE RADANOVICH
Co-Chair, Congressional Wine Caucus

Louis M. Slaughter

Dalene Hooley

Richard Pombro

Ben Cameron

Bart Gordon

Sherry Beckett

Fred Yates

Ann Jones

Randy Kuehl

Paul Blumman

Margaret Dindley

Janet Hansen

Doris O. Matsui

Lynn Woolsey

Ken Culbert

Pety DeFry

Michael Mottardo

Lois Coyne

Mike Simpson

Sam Farr

T. G. Egan

Jim McRennett

Wendy Sawyer

[Signature]

Jim Holt

Rick Larsen

Carolyn McCarthy

Joe Lopez

David Bonior

Chris Coons

Ben Ray Lujan

[Signature]

John E. Sweeney

Maryland

[Signature]