



**MISSOURI FARM BUREAU FEDERATION**

P.O. Box 658, 701 South Country Club Drive, Jefferson City, MO 65102 / (573) 893-1400

July 24, 2012

The Honorable Roy Blunt  
260 Russell Senate Office Building  
Washington, DC 20510

Dear Senator Blunt:

We continue to seek ways to help those impacted by the ongoing drought and know you and your staff members are doing the same. The concerns about weather and its effect throughout agriculture are compounded by the uncertainty surrounding tax provisions set to expire at the end of the calendar year. Congressional action is needed to extend current law, but S. 3412, the Middle Class Tax Cut Act, simply will not suffice. We urge you to vote against it and instead support S. 3423, the Tax Hike Prevention Act of 2012.

Absent from S. 3412 is estate tax relief, and without it the \$1 million per person exemption and 55 percent top rate will be reinstated on January 1, 2013. A \$1 million exemption is not high enough to protect a typical farm or ranch from estate taxes considering land values and the cost of machinery, equipment and farm buildings. Two years ago we shared with you the stories of two Missouri farm families—one frustrated with estate planning because of ever-changing laws and another struggling to pay inheritance taxes to the Internal Revenue Service. We are certain there are more families just like them who are facing the same challenge as they look at transitioning the farm or ranch to the next generation.

Farm families are also affected by capital gains taxes because of the types of assets owned and length of time the assets are held. Land accounts for 79 percent of assets owned by farmers, and it may increase in value five or six times, if not more, in a 30 year period (average ownership time). The proposed \$250,000 income means test for lower capital gains tax rates will hurt farm families since the sale of agricultural assets tends to produce a one-time income surge likely to push a farmer or rancher over that threshold.

Our member-adopted policies support permanent estate and capital gains tax relief, and until that happens we support an extension of current law. Please support passage of S. 3423, the Tax Hike Prevention Act of 2012.

Sincerely,

Blake Hurst  
President