

December 18, 2017

Dear Member of Congress,

On behalf of National Farmers Union's (NFU) roughly 200,000 members we write to encourage you to vote against the Tax Cuts and Jobs Act (H.R. 1). We are greatly concerned over the negative impact this bill could have on farming and ranching families, rural residents and our country's fiscal condition.

The Congressional Budget Office's (CBO) December 15 cost estimate projects H.R. 1 would reduce revenues by roughly \$1.6 billion and decrease outlays by \$194 billion from 2018 to 2027, leading to an increase in the deficit of \$1.45 trillion over the next 10 years. We are alarmed over this estimate for a number of reasons. NFU's grassroots policy expresses deep concern over our nation's fiscal well-being. Past efforts at tax reform have at least begun with the goal of being deficit neutral. We are extremely disappointed such an important goal was abandoned in the crafting of this legislation.

Our farmer and rancher members are seriously concerned with the CBO's assessment as it relates to PAYGO and sequestration. We appreciate leadership's stated intention to waive PAYGO. However, that waiver does not alleviate our concerns over reduced federal revenues impact on upcoming federal spending. With a \$666 billion 2017 fiscal year deficit and \$20.6 trillion of national debt, we are on an unsustainable path. Plans to cut entitlement programs appear to already be underway for 2018. We are concerned over such cuts and are further concerned that federal spending cuts will target future farm programs.

NFU is also alarmed by the impact this bill will have on our nation's healthcare system. CBO projects 13 million fewer people would have health coverage in 2027 as a result of this bill. Repeal of the individual mandate is particularly troublesome for farmers and ranchers, who are older and more likely to have preexisting conditions than the average person. Those that cannot risk going uncovered will face premium costs that are 10 percent higher than they otherwise would be. Repealing the mandate will make the health insurance marketplace even more unstable than it is currently, and will make it far more difficult for congress to address increasing premium costs.

Current provisions allowing a five-year carryback of net operating losses are an important tool that allow farmers and ranchers to smooth income to cope with inherent volatility in commodity markets. Over the last several years, net farm income has declined by roughly 50 percent. The current five year carry back provision is especially beneficial during the current economic downturn. Limiting carryback to two years negatively impacts many farmers.

Lastly, individual rate changes disproportionately benefit high income earners. NFU policy supports simplifying the tax code, and creating a more progressive tax structure. H.R. 1 does neither. Increasing the income level subject to the top tax rate, while also reducing the top rate is the type of regressive taxation that disadvantages small and medium-sized family farmers.

Because of the challenges outlined above, we urge you to vote "NO" on the Tax Cut and Jobs Act. NFU will be scoring this vote in its annual scorecard distributed to our members.

Sincerely,

Roger Johnson

President