

# Congress of the United States

## Washington, DC 20515

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
H-232, U.S. Capitol  
Washington, DC 20510

The Honorable Richard Neal  
Chair  
Committee on Ways and Means  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Steny Hoyer  
Majority Leader  
H-107, U.S. Capitol  
Washington, DC 20515

May 6, 2021

Speaker Pelosi, Leader Hoyer, and Chairman Neal,

As you work to develop a comprehensive infrastructure package that prepares the American economy to grow and thrive over the coming years and decades, and expands support for American families, we write to express concern over the impact that certain tax changes enacted to pay for this package could have on our family farms and local economies. The repeal of stepped-up basis for capital gains and immediate taxation could especially hurt family farms, some of which have been in families for generations; therefore, we strongly urge you to provide full exemptions for these family farms and small businesses that are critical to our communities.

We support many of the concepts outlined in recent weeks in the American Jobs Plan and American Family Plan, including ensuring that the wealthiest Americans pay their fair share. And while the clear intention of making changes to stepped-up basis is to ensure vast fortunes worth tens or even hundreds of billions are not passed on without any income taxes paid at any point, we are concerned about the unintended burden this could place on farms and family businesses. We appreciate the President's reference to this burden and the need to address it in the outline of the American Family Plan; and as representatives for districts that would be directly impacted by that change, we hope you will see us as a resource as we work to make that exemption a reality.


The requirement to recognize capital gains at death runs the risk of forcing farms and ranches to sell part, or all, of a farm that may have been passed down for several generations in order to pay the tax burden. While the ability to simply sell a small part of an asset may work for those with shares of stocks, it would force farmers to break up land that may have been in their family for decades and seriously impact their ability to remain economically viable. Additionally, eliminating stepped-up basis without an exemption for our farmers presents administrative difficulties. For example, shares of stock or many other assets are relatively simple to value, and taxing other assets when they're sold gives a clear reference price for valuation, so capital gains taxes have thus far been relatively simple to administer. However, since farms, machinery, and some small businesses may be illiquid or difficult to value, the administrative difficulty is increased.

We look forward to working with you as we develop a full infrastructure package, and we again urge you to take additional care in considering changes to stepped-up basis for capital gains taxes. Farms, ranches, and some family businesses require strong protections from this tax change to ensure they are not forced to be liquidated or sold off for parts, and that need is even stronger for those farms that have been held for generations. We would ask that you work closely with representatives of rural districts like us to ensure those protections are well executed. Many of our constituents started working on their family's farm when they were children, or built their farm with the intention of passing it on to their relatives, and we must ensure that their kids or grandkids are able to continue working that land for future generations. Thank you for your attention to this important matter.

Sincerely,



Cindy Axne  
Member of Congress



Cheri Bustos  
Member of Congress



Salud Carbajal  
Member of Congress



Antonio Delgado  
Member of Congress



John Garamendi  
Member of Congress



Tom O'Halleran  
Member of Congress



Kurt Schrader  
Member of Congress



Jim Costa  
Member of Congress



Josh Harder  
Member of Congress



Angie Craig  
Member of Congress



Kim Schrier, M.D.  
Member of Congress



Julia Brownley  
Member of Congress



Abigail D. Spanberger  
Member of Congress