

April 1, 2011

The Honorable Ben Nelson  
720 Hart Senate Office Building  
Washington, DC 20510

Dear Sen. Nelson

On behalf of the over 53,000 members of the Nebraska Farm Bureau Federation, I would urge you to support efforts to prevent future increases in the current capital gains tax rate above 15 percent. Unless Congress acts, the top capital gains tax rate will rise to 20 percent in 2013. Legislation establishing a permanent rate, no higher than 15 percent, would provide certainty that Nebraska's farmers and ranchers continue to need.

Farm and ranch owners are much more likely to pay capital gains taxes than the population at large. Nationwide, forty percent of all agricultural producers report some capital gains; nearly double the share for all taxpayers. In addition, the average amount of capital gain reported by farmers is about 50 percent higher than the average capital gain reported by other taxpayers.

The impact of capital gains taxes on farming and ranching is also significant because production agriculture requires large investments in land and buildings that are held for long periods of time. In Nebraska, land accounts for 70 percent of assets owned by agricultural producers and it is not uncommon for farmers and ranchers to own their land for 30 years or more during which time land values can increase drastically like we have seen recently.

Capital gains taxes also threaten the transfer of land to the next generation of farmers and ranchers and put the future of agriculture at risk. Approximately sixty percent of farmers and ranchers in Nebraska are 55 years or older. There is no doubt that market prices for land reflect the costs of capital gains taxes. This incremental price increase makes it harder for young farmers and ranchers to purchase land from a retiring farmer.

If we are to remain efficient and profitable, farmers and ranchers must constantly change our businesses to produce the goods wanted by American and overseas consumers. Because capital gains taxes are imposed when buildings, breeding livestock and farmland are sold, it is harder for producers to shed unneeded assets to generate revenue to adapt and upgrade their operations.

Thank you for your consideration of our position and what you continue to do for Nebraska agriculture.

Sincerely



Keith R. Olsen  
President