

The Honorable Steven Mnuchin
Secretary of the Treasury
United States Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

The Honorable Sonny Perdue
Secretary of Agriculture
United States Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Secretary Mnuchin and Secretary Perdue:

The American Farm Bureau Federation is the country's largest general farm organization, with nearly 6 million member families and representing nearly every type of crop and livestock production across all 50 states and Puerto Rico. Our mission is to enhance and strengthen the lives of rural Americans and to build strong, prosperous agricultural communities.

Farm Bureau encourages the Department of the Treasury to withdraw proposed changes to Section 2740 (REG-163113-02) as part of the department's work concerning Executive Order 13789 to review all significant tax regulations issued by the department on or after January 1, 2016.

In addition, we urge that a recommendation to withdraw proposed changes to Section 2740 be made by the task force created by Executive Order 13790, *Promoting Agricultural and Rural Prosperity in America*, under its charge to promote the preservation of family farms and other agribusiness operations as they are passed from one generation to the next, including changes to the estate tax and the tax valuation of family or cooperatively held businesses.

Farm Bureau puts a high priority on laws and policies that enhance the ability of family-owned farm and ranch businesses to transfer to the next generation of operators. The proposed changes to I.R.C Sect. 2740 would significantly endanger the future of family farms in America. They wrongly set forth more restrictive rules for using valuation discounts that would make it more difficult for our nation's family-owned farms and ranches to survive intergenerational transfers.

Over the past few decades, valuation discounting through the use of family-owned business entities has become a popular estate and gift tax planning technique for farmers and ranchers (and other small businesses). If structured properly, the courts have routinely validated discounts ranging from 10 percent to 45 percent. Valuation discounting has proven to be a very effective strategy for transferring business assets to subsequent generations. It is a particularly useful technique with respect to the transfer of small family businesses and farming/ranching operations.

Farm Bureau appreciates the opportunity to provide comment on the need to withdraw proposed changes to Section 2740. We urge swift action to withdraw this unwarranted and harmful proposal to promote the transfer of agricultural businesses to the next generation of farmers and ranchers who will grow and produce our nation's food, fiber and energy.

Sincerely,

A handwritten signature in cursive script, appearing to read "Zippy Duvall".

Zippy Duvall
President