

# TAX POLICY



NCGA continues to engage with Members of Congress on tax priorities for corn growers and monitor proposals that would impact federal taxes for agriculture producers.

## NCGA Policy

- Current NCGA Federal Tax Policy includes positions that strive to ensure the long-term continuity and smooth transition between generations of family-owned, agriculturally-based businesses. This includes support for:
  - No less than \$11.7 million individual, permanent exemption from an estate tax, doubled for a married couple, indexed for inflation;
  - incentives for farm transfers, including unlimited stepped up basis made permanent to ensure ease of long-term planning;
  - a permanent minimum \$1 million deduction for qualifying Sec. 179 property, indexed for inflation.
- The current estate-tax exemption for 2021 is \$11.7 million for individuals, doubled to \$23.4 million for married couples, with a maximum rate of 40 percent.
- The Tax Cuts and Jobs Act (TCJA) of 2017 includes non-permanent provisions:
  - Unlimited bonus depreciation starts to phase out in 2023.
  - The estate tax exemption will return to \$5 million per individual after 2025.
  - Section 199A Qualified Business Income Deduction expires after 2025.

## Potential Tax Policy Changes

- Changes to the federal tax code require action and agreement by the U.S. House of Representatives, U.S. Senate, and the White House. In 2017, the Republican Congressional Majority used budget reconciliation as the procedural vehicle to pass the TCJA.
- During the 2020 Presidential campaign, then-candidate Joe Biden released several tax proposals which would impact producers, including reducing the estate tax exemption to \$3.5 million; increasing the estate tax rate to 45 percent; and repealing stepped-up basis.
- Biden pledged not to raise taxes on American households earning less than \$400,000 a year. The campaign's plan referenced:
  - Raising the marginal income tax rate from 37 percent to 39.6 percent for individuals making more than \$400,000.
  - Raising the corporate tax rate from 21 percent to 28 percent, with a 15 percent minimum book tax.
  - Taxing long-term capital gains and qualified dividends at 39.6 percent on income above \$1 million.
- The White House and Congress are currently focused on COVID-19 relief and economic recovery. No major tax increase or agriculture related tax policy proposals have been included in these efforts and neither the White House nor Congress have released formal legislative tax policy proposals.