

ARA Tax Policy Recommendations



Agricultural retailers play a critical role in the nation's food production and rural economic stability.

They provide essential inputs, expertise, and services to farmers, ensuring the productivity and sustainability of agricultural operations across the United States. However, this vital sector operates in a highly competitive and unpredictable environment, shaped by fluctuating commodity prices, rising operational costs, and evolving regulatory demands.



The Importance of the Tax Cuts and Jobs Act of 2017

The Tax Cuts and Jobs Act (TCJA) of 2017 introduced significant reforms to the U.S. tax code, including reduced corporate tax rates, enhanced depreciation allowances, and changes to pass-through income taxation. These provisions are more than just fiscal policies—they are lifelines that have enabled agricultural retailers to reinvest in their businesses, expand operations, and strengthen their support for farmers. By reducing the financial burdens on agricultural enterprises, the TCJA has created a more favorable economic environment, allowing these businesses to innovate, adapt, and thrive in an ever-changing industry.

Effects on Ag Retail Industry

The TCJA has played a critical role in supporting agricultural retailers and underscores why preserving and enhancing its key provisions are essential for the long-term health of the agricultural sector. This paper examines the tangible benefits realized by agricultural retailers since the Act's passage, explores the challenges they face in its absence, and advocates for policies that sustain the competitiveness and resilience of this indispensable industry.



Request to Congress



Maintain Stepped-Up Basis

- Reduces estate tax burdens on family farms by adjusting the property's value to current market levels upon inheritance.
- Prevents forced sales, enabling generational continuity of operations.



Provide Estate Tax Relief

Retain current enhanced exemption levels to protect family farms from financial strain during generational transfers.



Make Lower Individual Tax Rates Permanent

Essential for pass-through agricultural businesses to reinvest in operations and address rising costs.



Make 199A Qualified Business Income Deduction Permanent

Encourages reinvestment in equipment, labor, and sustainable practices while leveling competition with larger agribusinesses.



Maintain Section 179 Expensing

Allows immediate deduction of capital investments, fostering innovation and productivity in agriculture.



Restore 100% Bonus Depreciation

Promotes essential investments in technology and infrastructure by offering immediate tax benefits.



Maintain 1031 Like-Kind Exchanges

Facilitates property reinvestment without immediate tax liabilities, supporting flexibility in adapting to market conditions.



Preserve the 20% Capital Gains Rate

Keeps the cost of capital low, encouraging reinvestment and innovation in this capital-intensive industry.

ARA Labor Recommendations



Agricultural retailers serve as the backbone of the nation's agricultural economy, supplying farmers with the essential products and expertise necessary to grow the food, fiber, and fuel that sustain our communities.

However, the industry faces a growing labor crisis that threatens its ability to meet the demands of modern agriculture. Labor shortages, exacerbated by demographic shifts and an increasingly complex regulatory landscape, are straining agricultural operations and diminishing the capacity of retailers to support their customers effectively.

H-2A Changes are Needed

At the heart of this issue lies the urgent need for meaningful reforms to the H-2A visa program, the primary mechanism for agricultural employers to access legal temporary foreign workers. While H-2A is an essential tool, its inefficiencies, high costs, and restrictive requirements create barriers for agricultural retailers and their customers. Modernizing and streamlining the program is essential to address persistent labor shortages and ensure that the agricultural supply chain remains strong and competitive.

Effects on Ag Retail Industry

This position paper underscores the importance of labor policy reform in the 118th Congress, with a particular focus on H-2A modernization. It explores how proposed changes can reduce administrative burdens, lower costs, and improve access to a reliable workforce for agricultural retailers and their farmer partners. By addressing these critical labor challenges, Congress has an opportunity to strengthen the agricultural economy, enhance food security, and support the hardworking businesses that are the foundation of rural America.



Request to Congress



Streamline Application Processes

- Simplify and digitize the application process to reduce administrative burdens for employers.
- Allow multi-season or year-round applications to minimize the need for repetitive paperwork.



Enable Year-Round Employment

- Remove the seasonal work requirement for H-2A workers, permitting their employment in year-round roles crucial for agricultural retailers.
- Develop a "hybrid" visa category that bridges seasonal and permanent labor needs.



Increase Worker Portability

- Allow H-2A workers to move between approved employers without requiring a new application, giving retailers more flexibility to address fluctuating labor needs.
- Create regional worker pools where agricultural retailers can share labor resources during peak seasons.



Modernize Wage Requirements

- Adjust the Adverse Effect Wage Rate (AEWR) to better reflect regional economic conditions and ensure competitiveness without undue financial strain on employers.
- Provide greater clarity on wage calculation to simplify compliance.



Improve Recruitment Options

Create regional recruitment centers to streamline hiring and reduce the burden of finding eligible workers.



Enhance Flexibility in Job Duties

Allow H-2A workers to perform a wider range of tasks, including those related to agricultural supply, maintenance, and logistics.



Increase Program Flexibility in Emergencies

Allow for rapid deployment of H-2A workers during labor shortages caused by emergencies, such as natural disasters or supply chain disruptions.