

# Trade and Taxes

**Agricultural interest groups look at their initiatives for the new year and new administration.**

by *Katie Maupin Miller*

Taxes and trade top the list of agricultural lobbyist groups as the new administration takes office. With a Republican majority led by President-elect Donald Trump stepping onto Capitol Hill this month after an election cycle filled with talks of trade and immigration, producers speculate how this incoming administration may affect agricultural policy. While cattlemen have already experienced a Trump presidency and its impacts on agricultural policy, the landscape in Washington, D.C., looks a little different.

The Supreme Court's strike down of the Chevron deference last summer leaves questions about the authority of federal agencies. Previously, the Chevron doctrine, established in 1984, had deferred the courts to federal agencies' reasonable interpretations of ambiguous laws. With this decision rolled back, the power of interpretation now lies with the courts rather than with the agencies, and this will make it tougher for the new administration to enact change through government regulations set by Congress, as any new regulation could be subject to litigation for interpretation.

"It creates a much more complex environment for this new administration to really make substantive change," says Ethan Lane, vice president of government affairs at the National Cattlemen's Beef Association (NCBA).

With this added layer of complexity, President-elect Trump is expected to roll out more than 100 executive orders early in his presidency to enact swift change to policies for which he campaigned upon, from immigration to trade.

While this may be welcome news to some producers who have been frustrated with the seemingly gridlocked Congress that appears to have stymied progress over the last four years, Lane notes that the government wasn't designed to be quick-moving.

"I try to remind people that gridlock in Washington is a product feature of the system. You don't necessarily want Washington to be too efficient," he says. "The writers of the Constitution did not want this town to be a well-oiled machine that pumps out new rules as fast as possible. But you do want a government that is able to get things done; it needs to process those bills, authorize programs and fund the government."

While the Republican held majority of the House and Senate may provide a clearer path to new policies, the right's majority is by such thin margins — Senate (53-47) and House (220-215) — that it will still require cooperation from across the aisle.

"Remember, you need 60 votes in the Senate to really do anything of substance," Lane says. "So, you still have a lot of those same conditions, even if the will is there and leadership on both sides of the same party. We are still operating in a very tight margin environment, and that doesn't typically lend itself to fast progress on anything."

Luckily, agriculture has long been an area where parties more easily reach across the aisle; as Chelsea Good, vice president of government and industry



affairs at the Livestock Marketing Association (LMA), says, “Thankfully, agriculture has a history of being a bipartisan subject. Everyone eats and should be interested in supporting policies that benefit America’s hardworking ranchers.”

### Tax policy

Outside of officially passing a Farm Bill in 2025, rather than just issuing another extension, taxes top the list of agricultural interest groups with the Tax Cuts and Jobs Act (TCJA) of 2017 set to expire in 2025, if not renewed.

TCJA’s Section 199 allowed a 20% deduction for qualified business income for pass-through entities, and more than 98% of farms and ranches operate as pass-through businesses — sole proprietorships, partnerships and Sub S corporations, according to Good.

The Unlimited Bonus Depreciation (Expensing) written into TCJA has already begun a staircase phase out, which means many producers will no longer be able to offset income with deductions in business investments. This is especially critical because like-kind exchanges for equipment and livestock were repealed in TCJA. It is still available for real property.

Finally, the Trump administration’s 2017 tax policy doubled the Estate Tax Exemption to \$11 million per person and \$22 million per couple indexed for inflation. If the TCJA isn’t extended, many more farms and ranches will be subject to estate taxes, and the exemption will revert back to \$5.49 million per person indexed for inflation in 2026, according to Good.

“This year in particular, the tax issue is going to be front and center, really driving home for these members that we’ve got to get the 2017 Tax Cuts and Jobs Act reauthorized,” Lane says. “We’ve got to preserve that Death Tax exemption, and we’ve got to preserve those exemptions like Section 179 and 199; we’ve got to keep those tools in the toolbox.”

Outside of taxes, trade remains at the top of cattlemen’s minds, and Trump’s tough talk regarding trade partners is certainly an area producers will be watching on Capitol Hill. As Lane notes, the export market adds about \$400 of value to every fed steer. The value of beef cattle hinges on more than domestic demand for ribeye steaks; it is also impacted by beef tongues exported to South Korea, for example.

“Tariffs will be a topic watched closely in the agricultural industry, and for good reason,” Good says. “Last year, the U.S. exported nearly \$10 billion worth of beef. However, many will remember that China reopened to U.S. beef for the first time since 2003 during Trump’s first term. Additionally, the U.S.-Japan Trade Agreement, instituted in 2020 enables American producers to compete more effectively in the Japanese market.”

Lane says the U.S. beef industry values the export markets and wants to expand access to foreign markets while also ensuring that American trade partners are acting as good partners. He looks forward to being involved in many trade conversations to come this year, a sentiment Good echoes.

“Time will tell how tariffs and trade negotiations will play out in the next presidential term,” Good says. “There is no doubt this is a critical issue for those in production agriculture.”

Outside of taxes, trade policy and an updated Farm Bill, agricultural interest groups will also keep an eye on any new immigration policies and how they may affect the access to farm labor.

### Reaching out

While Capitol Hill might seem far flung from a cow-calf operation, Lane encourages cattlemen to get involved in their communities. Often their representatives attend community events, and Lane notes this is a great time to visit with them about issues that impact the operation day-to-day regardless of which side of the aisle everyone lands upon.

“Our members across the country get a chance to talk to their members of Congress and the political representatives pretty often, and they’ve got to think about those interactions and take off the party affiliation hat and put on their cattle industry hat,” Lane says. “It’s important that those members

not just hear, ‘We’re with you,’ or ‘We’re with this party.’ They need to hear, ‘Hey, this is what my business needs to be successful.’ It’s really important that the business side of the cattle business come out in those interactions.”

Agricultural interest groups, such as NCBA and LMA, also provide resources for producers to learn more about what policies are coming down the pike and how they may affect livestock producers. Staying informed not only helps producers advocate for their industry but also empowers stockmen and women to become more involved in the process.

“The livestock lobby is significantly more effective when Congresspeople and their staffs are hearing directly from producers. I’d encourage producers to create relationships with their members of Congress and their staffs,” Good says. “While trips to D.C. are always eye-opening and encouraged, this can start at home with a simple offer to tour your operation or get a cup of coffee during legislative recess. Attending town hall meetings and staying in contact throughout the year help continually deepen these ties. I’ve seen major agriculture and transportation policy wins occur primarily because a key person with boots on the ground in the home district makes the critical ask.” **BA**

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