

124. TAX REFORM

Higher federal marginal income tax rates are inconsistent with economic growth and lower interest rates. We support continued retention of the indexing of income taxes.

We will seek:

1. A reasonable Investment Tax Credit program and provision for the use of all carryover investment tax credits.
2. Immediate provisions to allow individuals who purchase their own health insurance an exemption or deduction for health insurance costs.
3. Further reductions in capital gains tax and/or indexing capital gains tax for inflation.
4. Establishment of a "Farmer Savings Plan" (FSP) that allows for an allocation of income into a tax exempt FSP for emergencies. Plan contributions should include earnings and gains from a farm operation's proceeds and capital items. Contributions should be tax deductible at the time of contribution and be taxed at the time of distribution.
5. An exemption allowing the cash rental of farmland to a family partnership or corporation without the 15.3 percent self-employment tax on the rents.
6. A modification of federal tax code 1031 like-kind exchanges that:
 - A. Relaxes the requirements on the reinvestment of the proceeds from agricultural land sales.
 - B. Changes from 45 days to six months the time allowed to identify a non-taxable exchange, and from six months to one year the time allowed to close and receive property.
7. Tax incentives for persons who sell or lease property, including but not limited to land, machinery, and other farm assets to beginning farmers.
8. Legislation which eliminates self-employment tax on Conservation Reserve Program (CRP) payments.

We will support the repeal of the amendments made to the 1099 IRS reporting in the Patient Protection and Affordable Care Act. Farmland taken through eminent domain, or as a result of the threat of eminent domain, which has been owned by the current owner or his immediate family for 10 or more consecutive years should be exempt from capital gains taxes on that property.

We oppose any tax and/or government-imposed user fee on commodity futures or options transactions.

We support the investigation and complete study of a federal flat rate income tax proposal to show its possible long-term effects on production agriculture.

We support the extension of the Federal Bonus Depreciation component of the Job Creation and Worker Assistance Act of 2002.

We support the unrestricted use of cash accounting regardless of the level of gross receipts of the primary farm or the cumulative gross receipts of all businesses related to the primary farm.