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April 9, 2015

The Honorable John Thune
United States Senate
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Benjamin Cardin
United States Senate
509 Hart Senate Office Building
Washington, DC 20510

Dear Senators Thune and Cardin:

The Texas Farm Bureau appreciates the opportunity to comment on the U.S. Senate Finance Committee's efforts at business income tax reform. Specifically, we offer comments on the Unrelated Business Income Tax (UBIT) and our desire for the Congress to make permanent the fair market provisions of Section 1205 of the *Pension Protection Act of 2006*.

Texas Farm Bureau is a general farm organization that represents more than 510,000 member families across our state. Formed in 1933, our mission is to be the Voice of Texas Agriculture. We promote agriculture through direct interaction with the public, providing leadership training opportunities for our volunteer leaders, providing scholarship funds for dozens of young people each year, publication of informational periodicals, and execution of a vigorous public policy program through which our members can affect the laws and regulations under which they live. Such programs are paid for both by membership dues and royalties paid to our exempt organization from both controlled and uncontrolled organizations.

Section 1205 of the *Pension Protection Act of 2006* allows organizations like ours to more fully carry out our exempt purposes by applying the fair market value test to royalties received from controlled organizations. Section 1205 has been extended for one-year to three-year increments four times since 2008. It expired December 31, 2014. It follows that if it was a good idea to extend it in years past, making Section 1205's fair market provision permanent is an even better idea. Many exempt organizations, including ours, would be able to plan for the future without uncertainty.

We would be remiss if we did not encourage the Senate to take up another business income tax issue: making Section 179 expensing permanent at \$500,000 per year. The House of Representatives has already acted, passing H.R. 636 in February. We encourage the Senate to take this issue up soon and provide certainty to America's farmers and ranchers as they invest for the future.

Again, our organization appreciates the chance to provide input and hopes the best for your efforts at reforming our nation's tax code.

Sincerely,

Russell W. Boening
President

RWB:JS:cjg

cc: The Honorable John Cornyn
The Honorable Ted Cruz
The Honorable Kevin Brady

The Honorable Lloyd Doggett
The Honorable Sam Johnson
The Honorable Kenny Marchant