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Congress of the United States
House of Representatives
Washington, DC 20515-1013

COMMITTEE ON
AGRICULTURE

COMMITTEE ON
FINANCIAL SERVICES

September 2, 2021

The Honorable Richard Neal
Chairman
Committee on Way & Means
US House of Representatives
Washington, DC 20515

Dear Chairman Neal,

As you and your colleagues on the House Ways & Means Committee consider reconciliation, I wanted to raise my concern with the impact of limiting Section 1031 Like-Kind Exchanges on our nation's family farmers and ranchers.

While there is concern about the impact that non-farm investors are having on farm and ranch land values, substantially changing how Section 1031 operates would also impact the ability of farm and ranch families to effectively manage and preserve their operations as well as building their land base to ensure their children and succeeding generations are able to join their family operations.

I am concerned that any size limit on Section 1031 Like-Kind Exchanges will limit farmers' and ranchers' ability to address changing international and domestic market conditions. Currently, farmers and ranchers can exchange land to make their operations more efficient and to meet new demands while deferring the payment of capital gains on the value of the land exchanged. I am concerned without access to Section 1031 Like-Kind Exchange, most of these critical adjustments would no longer be economically feasible.

I look forward to working with you and your colleagues to making our tax code more equitable while preserving the features that are critical to our agricultural economy and our rural communities.

Sincerely,



David Scott
Member of Congress

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