



AGRICULTURAL
RETAILERS
ASSOCIATION

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April 15, 2013

The Honorable Lynn Jenkins and Joseph Crowley
Chairman and Co-Chair
Income and Tax Distribution Working Group
Committee on Ways & Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chair Jenkins and Co-Chair Crowley:

The Agricultural Retailers Association (ARA) supports efforts to replace the current tax code with a system that encourages investment in economic development and spurs job creation. Our members believe that a more simplified tax code will provide agricultural retailers with the financial resources to continue to supply America's farmers with the best products, service, and advice that allow them to lead the world in production of food, fiber, and fuel.

ARA applauds the Ways and Means Committee on its dedication to a fair and open approach to tax reform. The formation of working groups to garner feedback from a wide variety of industry, academia and think tanks, elected representatives, practitioners, and the general public validates the Committees pledge to improve the American economy. ARA would like to offer these comments to you as the chair and co-chair of the Income and Tax Distribution working group.

Agricultural pesticides and fertilizers, while important to farmers and agricultural businesses, are also potential targets of terrorists, drug dealers and other criminals. Some agricultural chemicals can be used for illegal purposes such as in the making of explosives or the manufacture of methamphetamine. Therefore, we are writing to strongly urge your support for reinstating the Agricultural Chemicals Security Credit provision, formerly Section 450 of Internal Revenue Code (IRC), in any proposal moving forward.

Section 450 of the IRC allows eligible agribusinesses to receive a 30% tax credit on any investments made towards facility security.

Who is eligible?

The law defines an eligible agricultural business as any retailer of fertilizer or ag chemical to farmers and ranchers and those that manufacture, formulate, distribute, or aeri ally apply fertilizer and/or ag chemicals.

What are the credit limits?

The potential credit amount is 30% of the investment made in facility security. This has a limit of \$100,000 per facility up to \$2,000,000 annually up to a \$10,000,000 maximum per company over a 5 year period.

What are “qualified chemical security expenditures”?

- Employee security training and background check
- Limitation and prevention of access to controls of specified agricultural chemicals stored at a facility
- Tagging, locking tank valves, and chemical additives to prevent the theft of specified agricultural chemicals or to render such chemicals unfit for illegal use
- Protection of the perimeter of specified agricultural chemicals
- Installation of security lighting, cameras, recording equipment and intrusion detection sensors
- Implementation of measures to increase computer or computer network security
- Conducting security vulnerability assessments
- Implementing a site security plan
- Other measures provided for by regulation

It is important for Congress to recognize the vital role of agricultural businesses in making our country the leading agricultural producer and exporter in the world. We need to support their efforts to help safeguard our national security by appropriately securing agricultural pesticides and fertilizers. The Agricultural Chemicals Security Credit is a fiscally responsible, common-sense proposal that enables eligible agricultural businesses to make the necessary security investments to better protect these facilities.

Since the terrorist attacks against the United States on September 11, 2001, both Congress and the Administration have made the security of our nation a top priority. Numerous security mandates have been placed on agricultural businesses over the past several years such as the USA Patriot Act of 2001 (P.L. 107-56), the Maritime Transportation Security Act of 2002 (P.L. 107-295) and the new Department of Homeland Security’s Chemical Facility Anti-Terrorism Standards (CFATS) regulations. All of these and other federal security mandates along with higher energy and transportation costs have added a substantial increase in production costs currently faced by American agriculture that cannot be recovered through product sales as these expenses do not improve productivity. This provision will provide much-needed financial assistance for agricultural retailers, distributors, aerial applicators and other eligible agricultural businesses to improve on-site security of their pesticide and fertilizer storage facilities and continue to help contribute to the stability of many rural American economies.

Thank you for your consideration of this important issue for America’s agricultural businesses. If you have any comments or concerns, please contact ARA Director of Public Policy, Jeff Sands, at 202-595-1705 or jeff@aradc.org.

Sincerely,



W. Daren Coppock, President & CEO
Agricultural Retailers Association

