

VIA FACSIMILE
202-226-1298

January 27, 2011

The Honorable Dan Lungren
U.S. House of Representatives
2262 Rayburn House Office Building
Washington, DC 20515

Dear Rep. Lungren:

We the undersigned agricultural organizations support H.R. 4, the *Small Business Paperwork Mandate Elimination Act of 2011*, to repeal new IRS Form 1099 information return filing requirements. While this new provision might improve tax compliance, it is certain to increase compliance costs for our members.

Farms, ranches and related agri-businesses already are overburdened with tax paperwork and reporting requirements. Under existing law, a Form 1099 must be issued to unincorporated service-providers that are paid more than \$600 during a tax year.

Under new reporting rules set to start in 2012, Form 1099s will be required for payments to incorporated vendors and will be expanded to cover payments made for goods as well as services. Virtually all business-to-business transactions will be covered, creating a new major paperwork burden for the farms, ranches and related agri-businesses.

The business of producing food, fiber and fuel is a hands-on venture where productivity and competitiveness is compromised by government rules and regulations that turn producers into bookkeepers. Prompt action is needed by Congress to reverse this onerous tax-reporting requirement.

Thank you for your leadership on this issue of importance to our nation's agricultural industry.

American Farm Bureau Federation
American Mushroom Institute
American Soybean Association
Farm Credit Council
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Beef Association
National Chicken Council
National Corn Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Milk Producers Federation

National Potato Council
National Sunflower Association
Northwest Dairy Association
Public Lands Council
The National Grange of the Order of Patrons of Husbandry
U.S. Canola Association
United Fresh Produce Association
United Producers, Inc.
United States Dry Bean Council
USA Dry Pea & Lentil Council
USA Rice Federation
Western Peanut Growers