

Pat Duffy: Glitch in federal tax law harms independent grain operators

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This is a busy time for farmers and grain operators like me. Farmers are getting their fields ready and selling grain ahead of the spring planting season. They are also writing new contracts on crops they are getting ready to plant.

Unfortunately, a cloud of uncertainty hangs over this year's planting season. Because of a mistake in the tax bill Congress passed last year, we have watched trucks that usually stop at our grain elevators drive a little further up the road to sell to someone else.

The reason for this uncertainty is an unintended glitch in the tax bill that gives farmers an enormous incentive to sell to cooperatives, not independent businesses like mine. This was never the intended outcome of this provision, but the result is that smaller, independent operators like me face a big competitive disadvantage that will make it harder for independents like me to buy the grain we need to keep our businesses running at full steam.

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This is a big problem for the entire farm economy. Our country's agriculture sector is so integrated that we all depend on each other. If small operators start to fold, that will have ripple effects that hurt other businesses. Feed mills, seed companies, truckers and equipment dealers will all feel a sting. And a wave of bankruptcies will disrupt the supply chain for everything from wheat and corn to milk and livestock. It will also speed consolidation in the farm sector.

Thankfully, authors of this provision recognized their mistake and recently

announced a deal to fix it. The compromise restores the original intent of the tax deduction for farmers and farmer-owned cooperatives, ensuring they retain the tax break they had before the new tax law took effect without hurting those independent businesses that will be hurt, if Congress doesn't step in to correct its drafting error.

Now, we need Sens. Tammy Baldwin and Ron Johnson along with other local members of Congress, including House Speaker Paul Ryan, to support the omnibus spending bill being voted on this week to make sure this gets corrected. I hope they listen to the farmers, cooperatives and independent business owners like me who are calling on them to correct this mistake.

Duffy Grain, Inc., the family-owned business I run, has been serving local farmers since 1928. We have grain elevators in Columbus and Marshall, Wis. We take a lot of pride in our work and have longstanding relationships with the farmers we help serve, and I would like to think those farmers value the work we do on their behalf. But if Congress does not fix this unintended glitch in the tax code, they will have no choice but to sell to someone else. And I will have to either spend a lot of money to restructure my business or risk bankruptcy.

And that's the main issue here. Tax reform was never supposed to create winners or losers, but businesses like mine definitely lost when this mistake was included in the bill. I hope Congress can fix this problem, so the trucks start lining up again at our grain elevators and we can keep working hard for all of our customers and friends.

— Pat Duffy is the owner and grain merchandiser at Duffy Grain, Inc., a family-owned businesses with locations in Columbus and Marshall, Wis.