

# America's Farmers Rely On FULL EXPENSING

## The commonsense tax policy keeps our food — and the economy — growing.

America's farms are struggling: the U.S. Department of Agriculture estimates farm income fell \$9.5 billion — 6.3% — in inflation-adjusted dollars between 2023 and 2024.<sup>1</sup> The combination of unstable commodity prices and rising input costs have created a difficult storm for farmers to weather.

Making this environment even more difficult, full expensing, a tax provision farmers rely on to make critical investments more affordable, has started to wind down and will soon expire altogether. **Congress can stand up for America's farmers by making full expensing permanent.**

## Full Expensing: A Commonsense Driver of Economic Growth

### ➔ What is Full Expensing?

Full expensing is a vital pro-growth tax policy that allows businesses of all sizes to deduct the full value of expenditures they make on new equipment or infrastructure in the United States.

100 percent full expensing was allowed through 2022. Since then, the percentage of an expense taxpayers can deduct has decreased by 60%, and without action from Congress, the deduction will phaseout completely starting in 2027.

### ➔ How Do Farmers Use It?

Farmers use full expensing to purchase new and used tractors, software systems, fencing and other equipment and technology that makes farming more efficient and environmentally friendly.

1 <https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/highlights-from-the-farm-income-forecast>  
2 <https://www.nass.usda.gov/Newsroom/2024/02-13-2024.php>  
3 <https://www.fb.org/newsroom/fast-facts>  
4 <https://www.nass.usda.gov/Newsroom/2024/02-13-2024.php>  
5 <https://www.fb.org/newsroom/fast-facts>

## Farm Facts and Figures

- 95% of America's 1.9 million farms are operated by families — individuals, family partnerships or family corporations.<sup>2</sup>
- Farming accounts for about 1% of the U.S. gross domestic product.<sup>3</sup>
- U.S. farms and ranches produced \$543 billion in agricultural products in 2022.<sup>4</sup>
- In 2023, \$174.9 billion worth of American agricultural products were exported around the world.<sup>5</sup>

## What Experts Are Saying

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Full expensing can be the difference between investing in a new, more efficient sprayer that reduces pesticide use and makes an operation more sustainable or delaying the expense indefinitely.

Isabella Chism, Indiana Farmer

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Full expensing generates more investment per dollar of tax revenue than any other tax provision included in the Tax Cuts and Jobs Act.

National Bureau of Economic Research (NBER), July 20

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Full expensing is one of the most, if not the most, pro-growth tax policy changes that lawmakers can make, because it's entirely targeted at new investment.



Erica York, Senior Economist and Research Director, Tax Foundation