



# TEXAS CATTLE FEEDERS ASSOCIATION NEWSLETTER

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## Congress Passes and President Signs Tax Reform

Congress passed the Tax Cuts and Jobs Act this week, touted by some as the biggest tax cut since President Reagan, with President Trump signing the bill today.

“This historic tax relief package both simplifies our broken system and sets the economy on a course to stimulate growth and create jobs,” said Mike Conaway (R-Texas), chairman of the House Ag Committee. “I’m pleased that Chairman Brady and his team have produced a bill that acknowledges the unique tax challenges faced by those in agriculture. From lower marginal rates to the treatment of pass-through income to improved small business expensing, this bill delivers for farmers, ranchers and all rural America.

“TCFA appreciates the efforts by Congress and President Trump to improve the tax code, including a reduction in the death tax and retaining business interest expense deductibility, among several issues of importance to agriculture,” said TCFA Chairman Jason Peeler. “Many of these changes will be beneficial to cattle feeders and agricultural producers.”

While the bill retains business interest expense deductions, entities with annual gross receipts over \$25 million must forgo the use of bonus depreciation which is allowed on all new farm assets for property placed in service after Sept. 27, 2017, and before Jan. 1, 2023. Other provisions on partial deduction of interest expense also apply.

Also of note, the bill doubles the current estate tax exemption levels from \$5 million for individuals/\$10 million for couples to \$10 million for individuals/\$20 million for couples, indexed for inflation. The provision is effective for eight years beginning after Dec. 31, 2017. For estates of decedents dying after Jan. 1, 2026, the exemption levels will revert to current law. Stepped-up basis is fully preserved. Other provisions include:

- **Section 179** is increased to \$1 million, effective for taxable years beginning in 2018 and is indexed to inflation. The phase-out begins at \$2.5 million, up from the current \$2 million level.
- **Cash accounting** eligibility threshold increased from \$5 million to \$25 million and includes farm corporations, farm partnerships with a corporate partner, and family farm corporations.
- **Like-kind exchanges** are restricted to real property.
- **Net operating losses** (NOL) are allowed to be carried back for 2 years instead of 5 years, and entities can only offset a NOL carryforward against 80 percent of income, effective immediately.
- **State, local, and foreign property taxes** and state and local sales taxes are allowed as a deduction only when paid or accrued in carrying on a trade or business.

It is important to note that without further congressional action, most tax cuts and provisions in the new bill will be phased out by 2027. For questions, contact Josh Winegarner at [josh@tcfa.org](mailto:josh@tcfa.org). To read highlights from the bill, visit [tinyurl.com/TCFA-TaxReform](http://tinyurl.com/TCFA-TaxReform).

## Individual Health Care Mandate in Effect Through 2018

The new tax bill effectively repealed the Obamacare individual mandate, but that repeal does not go into effect until 2019. This means most Americans will still be required to carry a minimum level of health coverage through 2018.

Furthermore, the IRS will still reject electronic filings for 2017 that do not claim coverage or an exemption or include a penalty payment. The repeal of the individual mandate is being widely publicized and will no doubt cause confusion for employees and employers. For more information, visit [tinyurl.com/TCFA-IndividualMandate](http://tinyurl.com/TCFA-IndividualMandate) or email Kristi Gillispie at [kristi@tcfa.org](mailto:kristi@tcfa.org).

## **TCFA Chairman Jason Peeler Appointed to Cattlemen's Beef Promotion and Research Board**

TCFA Chairman Jason Peeler has been appointed to the Cattlemen's Beef Promotion and Research Board (CBB) by Ag Secretary Sonny Perdue. Joining Peeler on the board are fellow Texans, Jackie White Means and Michael Wayne White.

"The Cattlemen's Beef Board works to build demand for beef by helping to maintain and expand markets through their research, promotion and information sharing efforts," said Perdue in a statement. "Their work represents all segments of the beef industry, and I know that the agricultural sector will be well served by them."

More information on the CBB can be found at [www.beefboard.org](http://www.beefboard.org).

## **USDA AMS Plans to Withdraw Organic Livestock Rule**

USDA's Agricultural Marketing Service is requesting comments on its intent to withdraw the Organic Livestock and Poultry Practices (OLPP) final rule that was published in January of this year.

According to the agency's website, "USDA believes the OLPP final rule exceeded USDA's statutory authority beyond the intent of the Organic Foods Production Act."

If the rule is withdrawn, the agency would drop provisions that would have added certain production, handling and transportation practices for organic poultry and livestock to the definition of "Organic" in USDA's certified program.

TCFA supports withdrawal noting that cattlemen and women have worked diligently to develop and improve animal care and handling standards through the Beef Quality Assurance Program.

## **Wendy's to Reduce Use of Medically Important Antibiotics in Beef Supply Chain**

Popular hamburger chain Wendy's has announced it will curb the use of beef made from animals treated with antibiotics that are important to human medicine, according to a statement the company released late last week.

Starting in 2018, the company will source around 15 percent of its beef from producers that have each committed to a 20 percent reduction of Tylosin.

In a statement, the company said, "Importantly, these producers will ensure that the antibiotic use in their cattle can be tracked and reduced. Wendy's is committed to increasing the amount of beef purchased from these producers and those following similar management practices."

The company says it has completed the process of eliminating all antibiotics important to human medicine from its chicken production after pledging to do so last year, and is working with pork suppliers who are "progressively decreasing the use of antibiotics."

## **Panel Says U.S. Must Ramp Up Biosecurity Defense**

A panel of witnesses spoke to the Senate Agriculture Committee last week warning them that the current defense against pests, pathogens and biosecurity threats to the food system needs work.

"If you were an enemy of the United States and wanted to strike us, nuclear weapons always get the most attention because they're so terrifying to everybody, but when you think about the damage that would be done to our economy, to our country, to our people, it would create a real sense of terror if somebody successfully attacked with a pathogen our agriculture sector," former U.S. Sen. Joe Lieberman testified before the committee.

Committee members were in agreement, but Pat Roberts (R-Kansas) who chairs the committee, said there's a real issue of drawing awareness without causing hysteria.

"This is a difficult issue, because if you really come out and say what's on your mind, it would scare the dickens out of people," he said. "I can promise you that every member of this committee is aware of this threat."

Lieberman's group, the Blue Ribbon Study Panel on Biodefense, issued a report in October calling for "immediate action" from Congress and the President on the issue.

To read more, visit [tinyurl.com/Biodefense-AgSenate](http://tinyurl.com/Biodefense-AgSenate).



## **New Study Suggests Higher Protein Diet Improves Appetite Control**

A checkoff-funded study was recently published in the *Journal of Nutrition* noting that a higher-protein, reduced calorie diet can improve appetite control and satiety.

In a randomized controlled-feeding crossover trial, overweight women saw improvements in their appetite control and satiety following a higher-protein, reduced calorie diet compared to diets with lower protein content.

The results of the study showed that a higher-protein beef diet reduced daily hunger by 16 percent, desire to eat by 15 percent, prospective food consumption by 14 percent and fast-food cravings by 15 percent. To read the full results, visit [tinyurl.com/TCFA-Abstract](http://tinyurl.com/TCFA-Abstract).

## **Complaints Filed with FTC Against HSUS**

The Center for Consumer Freedom (CCF) filed a complaint with the Federal Trade Commission (FTC) this week against the Humane Society of the United States (HSUS) claiming that the group was involved in deceptive advertising.

According to a press release from CCF, "HSUS drove traffic to a web page on its HumaneSociety.org domain that contained false information. On the web page in question, a graphic claimed that only 19 percent of HSUS donations are spent on fundraising."

The group's tax returns indicate otherwise, CCF says, noting that their most recent filings show the organization spends at least 29 percent of its budget on fundraising, and that despite its name, HSUS is not affiliated with the humane societies that operate local pet shelters.

"Despite the prevalence of pets in HSUS advertising, HSUS does not run a single pet shelter anywhere," the complaint said. Adding that there is significant confusion between HSUS and the many humane societies that operate pet shelters in local communities.

Aside from false information about the group's fundraising efforts, CCF says that, "Additionally, online HSUS advertising has exploited the name confusion between HSUS and local humane societies. One ad asked people to donate their used vehicle to 'the Humane Society,' without specifying it was the Humane Society of the United States. This perpetuates the confusion."

The complaint cites internal polling done by HSUS in 2011 that found that two-thirds of its donors believed their money was going toward shelters. To read the full complaint by CCF, visit [tinyurl.com/CCF-HSUS-Complaint](http://tinyurl.com/CCF-HSUS-Complaint).

## **Year-End Giving: Give Beef to Those in Need**

As you wrap up your year-end giving, TCFA would like to encourage you to consider making a monetary donation to either the High Plains Food Bank or Snack Pak 4 Kids. Both organizations are ramping up their efforts to provide beef to hungry people in the Amarillo and surrounding areas.

The High Plains Food Bank (HPFB) serves approximately 90,000 people in the area with food. TCFA members have generously agreed to help the organization raise 100,000 pounds of ground beef, which in turn, will provide approximately one pound of ground beef to each family for a year. We cannot do this without your help. You can make a donation to the food bank on our website at [tinyurl.com/HPFB-TCFA](http://tinyurl.com/HPFB-TCFA). Every dollar collected by area feedyards goes into a beef fund that is used exclusively for beef. You can also donate cattle directly to the HPFB. Contact Vince Bermudez at (806) 350-1444 for information on donating live animals.

TCFA also partners with Snack Pak 4 Kids to ensure that beef is provided in weekend snack packs for children at risk of hunger in the Texas Panhandle. The program serves approximately 7,000 students in many school districts across the Texas Panhandle and South Plains with a franchise in San Antonio. You can make a monetary donation to the beef fund at Snack Pak 4 Kids on the TCFA website at [tinyurl.com/SP4K-TCFA](http://tinyurl.com/SP4K-TCFA), or donate live cattle by calling Snack Pak at (806) 337-5252.

For questions, contact Carmen Fenton, TCFA communications director, at [carmen@tcfa.org](mailto:carmen@tcfa.org) or (806) 358-3681. Thank you for your continued support of these great programs.

## **Year-End Giving: TCFA Education Foundation**

Help make a difference in the life of a student and for the future of the beef industry by making a tax-deductible donation to the TCFA Education Foundation. The TCFA Education Foundation awards scholarships to graduate students involved in research projects on cattle feeding. Working through the Consortium for Cattle Feeding and Environmental Sciences, students apply for the scholarships through their major professors. The consortium is comprised of faculty from West Texas A&M University in Canyon, Texas Tech University in Lubbock, Texas A&M AgriLife Research and Extension Center in Amarillo, and New Mexico State University in Las Cruces.

You can make a donation in honor of a special person or occasion. Contact Shannon Standley at TCFA for details at [shannon@tcfa.org](mailto:shannon@tcfa.org) or (806) 358-3681, or give online at [tinyurl.com/2016-TCFA-Education-Foundation](http://tinyurl.com/2016-TCFA-Education-Foundation).

### TCFA Wishes You a Merry Christmas

TCFA offices will be closed Dec. 25, 26 and Jan. 1 for the Christmas and New Year holidays. There will be no *Newsletter* Dec. 29. We will send a market update the following week. From all of us at TCFA, Merry Christmas and Happy New Year.

*Leona Snider*      *Laura Cook*      *MS*  
*Kristi Gillispie*      *Christie Culp*  
*Tyler Willie*      *Michelle*

Wishing you a very Merry Christmas  
and a Happy New Year.  
From your friends at TCFA.

*Carmen Denton*      *Josh Wunguan*      *Shannon Standley*  
*Cynthia Rieps*      *Ben Weinheimer*      *Randy*  
*Ron Wilson*            *Rachel Hernandez*