



October 25, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Charles E. Schumer
Majority Leader
U.S. Senate
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Speaker Pelosi and Leader Schumer:

On behalf of county officials from across the nation, thank you for your work thus far to steward critical investments to local governments. The undersigned leaders represent members of the National Association of Counties (NACo), who serve on one or both of the NACo Agriculture and Rural Affairs Policy Steering Committee and/or the NACo Rural Action Caucus. **As negotiations on future investments continue, we write today in opposition of including the *Sensible Taxation and Equity Promotion (STEP) Act* as a potential offset for provisions in H.R. 5376, the *Build Back Better Act (BBBA)*.**

As you may know, nearly 70 percent of America's 3,069 counties are rural. Means to fulfill the needs of many of these small, and sometimes isolated communities, are often restricted to family farms and other small businesses. As a result, we are strongly concerned that – by including the STEP Act in a final bill – not only would a new layer of taxes on estates and trusts be created through the elimination of the “step-up in basis” of non-qualified assets at death, but it would also create a retroactive tax on the appreciation of inherited, non-qualified assets over \$1 million.

Essentially, the STEP Act will put family farmers and other rural small businesses at serious risk.

Imposing a new tax on farmland and equipment that forces inheritors to retroactively pay taxes for purchases made decades ago will jeopardize small businesses in these communities and likely result in the liquidation of assets from multi-generational family farms to cover the newly imposed tax burden. Shuttering local farms can lead to migration of residents out of these rural communities, which would have negative economic impacts that would ripple through these counties.

As you consider final policies for the BBBA, we strongly urge you to prevent the inclusion of the STEP Act that poses serious and untenable consequences for rural America. As intergovernmental partners, we must work together to ensure no part of our nation is left behind, especially our rural and agricultural communities who already face ongoing funding constraints and other economic development challenges.

Sincerely,

The Honorable Craig Pedersen, *Supervisor*,
Kings County, Calif.; *Chair*, NACo Agriculture
Policy Steering Committee

The Honorable Greg Puckett, *Commissioner*,
Mercer County, W.Va.; *Chair*, NACo Rural
Action Caucus

The Honorable Alex Barnett,
Judge/Executive, Harrison County, Ky.; *Vice Chair*, NACo Agriculture Policy Steering Committee

The Honorable Julie Ehemann,
Commissioner, Shelby County, Ohio; *Vice Chair*, NACo Agriculture Policy Steering Committee

The Honorable Bob Fox, *Commissioner*, Renville County, Minn.; *Vice Chair*, NACo Agriculture Policy Steering Committee

The Honorable Melissa McKinlay,
Commissioner, Palm Beach County, Fla.; *Vice Chair*, NACo Agriculture Policy Steering Committee

The Honorable Virginia Bass, *Supervisor*, Humboldt County, Calif.; *Vice Chair*, NACo Rural Action Caucus

The Honorable Tarryl Clark, *Commissioner*, Stearns County, Minn.; *Vice Chair*, NACo Rural Action Caucus

The Honorable Melissa Cribbins;
Commissioner, Coos County, Ore.; *Vice Chair*, NACo Rural Action Caucus

The Honorable Vance Stuehrenberg,
Commissioner, Blue Earth County, Minn.; *Vice Chair*, NACo Rural Action Caucus