

GROWING SUPPORT

*Alliance of Western Milk Producers
American Farm Bureau Federation
American Sheep Industry Association
American Soybean Association
Biotechnology Industry Organization
National Association of Wheat Growers
National Chicken Council
National Coalition for Food and Ag. Research
National Corn Growers Association
National Cotton Council
National Grain and Feed Association
National Milk Producers Federation
National Turkey Federation
United Egg Producers
US Apple Association
USA Rice Federation
Western Growers Association
Western United Dairymen
California Apple Commission
California Association of Wheat Growers
California Blueberry Commission
California Cattlemen's Association
California Citrus Mutual
California Cotton Ginners and Growers Assn.
California Dairies Inc.
California Farm Bureau Federation
California Grape and Tree Fruit League
California League of Food Processors
California Olive Association
Olive Growers Council of California
California Poultry Federation
California Rice Commission
California Women for Agriculture
California Wool Growers Association
California Polytechnic State University, SLO
Michigan State University
Oklahoma State University
Texas A&M University
University of California*

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CHARITABLE AGRICULTURAL RESEARCH ACT



Congressman
Devin Nunes

CHARITABLE AGRICULTURAL RESEARCH ACT



CHALLENGES FOR AGRICULTURE

Modern agriculture is faced with multiple challenges. By 2050, agricultural production must double in order to feed the global population. Agriculture must also overcome environmental policies and adjust the use of increasingly regulated pesticides, fertilizers and greenhouse gases. Agricultural research is the key to solving these challenges and will allow for continued production of food under safe, efficient and sustainable methods.

However, funding for agriculture research has been historically insufficient and the current fiscal environment is especially non-conducive to increasing federal research funding. Therefore, novel, untapped funding sources must be realized to support and advance agriculture research and ensure the health and welfare of our rural farming communities and the long-term food security for future generations.

THE BILL

The Charitable Agricultural Research Act would authorize the creation of a new type of charitable, tax-exempt organization to allow private monies to fund agricultural research. Each 'agricultural research organization,' or ARO, would be required to conduct agricultural research in conjunction with agricultural and land-grant colleges and universities. AROs would complement existing public and private research funding and could create the opportunity for previously under-funded proj-

ects to be fully funded, such as those addressing specialty crops or specific diseases.

As defined in the US tax code, agricultural research includes "basic, applied, and developmental research, extension, and teaching activities in food and fiber, agricultural, renewable energy and natural resources, forestry, and physical and social sciences", including activities relating, but not limited, to the following: animal and plant health and production; aquaculture; food safety; soil, water and related resource conservation and improvement; forestry, horticulture, and range management; nutritional sciences and promotion; youth development and agricultural education; expansion of domestic and international markets for agricultural commodities and products, including agricultural trade barrier identification and analysis; biotechnology.

WHY DO WE NEED AROS?

Provisions in the US tax code allow for charitable organizations to perform research. However, existing law limits the ability to leverage major donors for agricultural research. These options are outlined below:

- Publicly-Supported 501(c)(3) Charities
- Require a significant amount of funding from public sources (e.g., government grants) and/or a broad base (33%) of individual citizen donations.
- An extraordinary contribution from one or a

small group of donors will act to convert a publicly-supported 501(c)(3) charity to a private foundation.

- Private Foundations – a taxable entity
- IRS rules and regulations for private foundations are not conducive to the establishment of organizations engaged in the active conduct of agricultural research.
- Private foundations were intended to distribute wealth/financial assets (i.e. research grants) to other organizations for them to conduct programs, such as research.
- Unlike publically-supported 501(c)(3) charities, private foundations are required to pay excise tax, thus reducing their maximum potential to fund research.

AG RESEARCH ORGANIZATIONS

Unlike other types of public charities, AROs allow for large endowments from a single or small group of donors without paying excise taxes as required by private foundations. In exchange for this special tax status, AROs must meet a higher standard of operations to ensure the expenditure of their resources. Specifically, AROs MUST:

- directly engage in the continuous, active conduct of agricultural research;
- work in conjunction with a land-grant college or university or a non-land grant college of agriculture; and
- expend 3.5% of the fair market value of their endowment annually.