



P.O. Box 216 Klamath Falls, Oregon 97601

*Protecting Water for Western Irrigated Agriculture*

May 11, 2017

The Honorable Orrin G. Hatch, Chairman  
The Honorable Ron Wyden, Ranking Member  
U.S. Senate  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510-6200

Dear Chairman Hatch and Ranking Member Wyden:

On behalf of the Family Farm Alliance (Alliance), I write to express our support for S. 1090, the Water and Agriculture Tax Reform Act of 2017 (WATER Act), introduced by Senator Mike Crapo. A similar bill was formally endorsed by the Alliance board of directors in the last Congress. This important legislation seeks to reform section 501(c)(12) of the Internal Revenue Code to provide mutual irrigation and ditch companies with added flexibility that will promote new economic activity such as small-scale hydro power projects.

The Alliance is a grassroots organization of family farmers, ranchers, irrigation districts and allied industries in 16 Western states. Several of our members are mutual ditch and irrigation districts. The Alliance is focused on one mission: To ensure the availability of reliable, affordable irrigation water supplies to Western farmers and ranchers.

The bill would reform outdated tax provisions that hinder ditch and irrigation companies' ability to raise capital to invest in infrastructure. Current law dictates that mutual ditch and irrigation companies must receive 85 percent of their income from shareholder investment to maintain its non-profit designation. The bill allows these companies to receive other sources of income for operations and maintenance and still maintain its non-profit status. The legislation requires that the extra revenue be used exclusively for operations and maintenance of the ditch and irrigation company.

Currently, when ditch and irrigation companies incur a large capital expense, such as replacing a dam in disrepair, they are severely limited in how they can collect revenue. This legislation eases restrictions while still ensuring that the revenue is used solely for operations and maintenance expenses.

Across the West, farmers and ranchers struggle to make ends meet. This bill will help keep irrigation and ditch companies in business and will help meet the needs of America's farmers and ranchers. We urge your Committee to consider and pass this important legislation. I encourage you or your staff to contact me at (541)-892-6244 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Keppen", written over a horizontal line.

Dan Keppen  
Executive Director