GROWERTALKS

JZ on D.C.

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Congress Passes Fiscal Package With Provisions Important to the Horticulture Industry

Jennifer Zurko

In July, Congress passed a $3.4 trillion fiscal package that delivers a mix of tax cuts, farm support and biofuel incentives. AmericanHort has long played a key role in shaping federal policy to support the profitability and growth of its members' businesses. Signed into law by President Donald Trump on July 4, the One Big Beautiful Bill Act (OBBB) includes provisions that AmericanHort advocated for and are critical to our industry.

In addition to tax-related policy, the legislation also allocates $68 billion over the next decade to strengthen farm safety nets, expand crop insurance and enhance trade programs.

AmericanHort played a leading role in advocating for several key tax provisions included in the OBBB, which support long-term business growth and investment across the horticulture industry. These wins provide lasting certainty on issues like equipment expensing, estate planning and research investment, helping members plan confidently for the future.

Additionally, the legislation allows capital gains tax from farmland sales to qualified farmers to be paid over four years if land stays in agricultural use for 10 years before and after sale.

Cash accounting rules remain unchanged. Under current law, any pass-through entity engaged in horticulture—such as an LLC or partnership—that doesn't have a C corporation as a partner can use the cash method of accounting, regardless of its size. However, if a pass-through entity does have a C corporation partner, or if it's a C corporation itself, it can only use the cash method if it qualifies as a "small business taxpayer" by meeting a gross receipts test. For 2025, that threshold is $31 million in average annual gross receipts.

There was a proposal in the House to expand the cash method threshold to $85 million for manufacturers. While that would have been a positive step, it would have been even more beneficial if the expansion had included agricultural businesses as well.

The legislation also included numerous provisions usually reserved for the Farm Bill, like doubling funding for USDA's trade promotion programs, increasing crop insurance funding by $6.3B over 10 years and expanding premium subsidies for area-based plans and other support improvements.

While there are significant wins for the horticulture industry in the OBBB, challenges could lie ahead. First, it's important to note that while some of the tax provision extensions are permanent, others are only extended through 2028. Additionally, Senator Chuck Grassley (R-IA) introduced an amendment that would have capped payments at the entity level, regardless of operation size or structure and redefine what it means to be "actively engaged" in farming, potentially disqualifying many legitimate operations.

While the amendment was ultimately withdrawn, thanks in part to AmericanHort's lobbying against the Grassley Amendment, it followed a commitment from Senate Agriculture Committee Chair John Boozman to revisit the issue later this year. Senator Grassley has long pushed for tighter eligibility rules and AmericanHort expects renewed efforts in upcoming farm bill negotiations or other legislative vehicles.

Another issue that emerged was the changes made to the Supplemental Nutrition Assistance Program (SNAP). SNAP emerged as one of the most contentious elements of the recently passed fiscal package. Under the new law, lower-income individuals will face increased difficulty qualifying for both Medicaid and SNAP benefits. The legislation also shifts a portion of SNAP costs onto the states.

These developments have significant implications for future ag policy debates. Historically, the farm bill has relied on a broad, bipartisan coalition that includes both agricultural and nutritional advocates. By weakening SNAP and shifting its costs, this legislation risks fracturing that long-standing alliance. If the nutrition title becomes politically charged, it could jeopardize the passage of future Farm Bills. **GT**

—**Source:** *Pinion, an AmericanHort Affinity Partner*

FY26 Appropriations Advance With Focus on EPA and Pesticide Programs

Back in July the House Appropriations Committee posted its draft FY 2026 Interior-Environment report ahead of the Senate's markup, offering a preview of key priorities. The appropriations process is crucial to ensuring that agencies like the Environmental Protection Agency (EPA) have the necessary resources and direction to fulfill their missions. AmericanHort is closely monitoring the process, especially in light of proposed funding cuts across the federal government and heightened scrutiny of regulatory efforts.

Notably, the House draft report outlines detailed directions to EPA's Office of Pesticide Programs (OPP), emphasizing science-based decision-making and the need to reduce review backlogs. The report encourages continued progress on alternatives to vertebrate testing and improvements to the Endangered Species Act (ESA) Workplan. It also stresses coordination with USDA and stakeholders, updated guidance on biological assessments, and stricter data standards for epidemiological studies. Funding levels for OPP remain flat at $134.275 million, matching FY 2024 and assumed FY 2025 continuing resolution levels, despite being below the $167 million requested by stakeholders. Nonetheless, this funding level is seen as a relative win in a tough budget year for EPA overall. **GT**

—Frida Mendez, DCLRS

Ag Organization Comments About USDA Reorganization Proposal

In July, Secretary of Agriculture Brooke Rollins announced a reorganization of USDA. According to the National Sustainable Agriculture Coalition (NSAC), the reorganization, announced through a five-page memorandum, is short on details of how its proposals would improve the circumstances of farmers and offers no timeline for the reorganization.

“Without input from farmers, the proposed USDA reorganization would close offices and lead to further staff reductions—and, ultimately, farmers would pay the price,” Mike Lavender, NSAC’s policy director, said in a statement. “Improving USDA to better serve farmers and ranchers is a noble undertaking, but today’s announcement fails to connect the dots between a mass staff relocation and the resultant staff loss, and expanded economic opportunity for all farmers and ranchers. USDA should immediately pause the reorganization to gather public comment about what farmers and ranchers really need—and Congress should halt the reorganization until USDA can clearly demonstrate the benefit to farmer livelihoods from coast to coast.”

NSAC said that, since January 2025, nearly 2,000 employees have left USDA and an additional 15% have opted into the Deferred Resignation Program. This means a total of nearly 18,000 fewer USDA employees are now serving America’s farmers compared to earlier this year. Previous relocations of USDA offices, most notably the 2019 relocation of the Economic Research Service and the National Institute of Food and Agriculture, led to years-long reduced output and lower staffing levels. **GT**
—JZ

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