Grown in America Act

Following the global supply chain disruptions caused by the pandemic and the U.S. trade turmoil with China, there has been growing interest in securing domestically sourced agricultural products. Recognizing the need to bolster American growers and incentivize businesses to prioritize domestic sourcing, the following proposal outlines a tax credit for businesses sourcing domestically produced agricultural commodities. Under Reps. David Kustoff (R-TN-08) and Jim Costa's (D-CA-21) leadership, the Grown in America Act aims to strengthen markets for growers, promote domestic manufacturing investment and enhance the security of the U.S. food supply chain.

OBJECTIVE

Provide an incentive for businesses (including cooperatives) operating in American markets to increase their investment in agricultural inputs from U.S. growers. By encouraging greater domestic sourcing, the proposal seeks to achieve the following benefits:

- Reducing market volatility across agricultural sectors by boosting domestic demand for American agricultural inputs.
- Decreasing reliance on imports, enhancing the security and resiliency of the U.S. food supply chain.
- Shifting businesses from foreign to more domestic investment and capital expenditure expansion in the U.S.
- Alleviating supply chain pressures and product shortages resulting from over-reliance on foreign markets.

PROPOSAL

Create a tax credit to qualifying businesses for purchasing agricultural commodities sourced from American growers and used in food and beverage production or manufacturing processes in the United States.

Key design features include:

- Qualifying businesses include those using agricultural inputs to create products intended for human consumption.
- Businesses must source the majority of their agricultural products from domestic producers to quality for the credit, starting at 50% and increasing to 85% over 8 years.
- The credit can be used to offset federal tax liability, up to 50% after considering all other credits and deductions.
- The credit is calculated as 25 percent of the ratio of the business's costs incurred in purchasing American-grown agricultural commodities to the total costs incurred for all agricultural commodities used in the production process.

  > Costs for products without domestic equivalents are excluded.
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  > Specialized products with geographical indicators may fall into this category.

EXAMPLE

A business purchases **$100** worth of agricultural commodities with

$80 from U.S. growers

and

$20 in imports

Meeting the 50% minimum* domestic sourcing requirement, the business **qualifies for the domestic manufacturing tax credit.**

The tax credit provides a strong financial motivator for businesses to shift their purchasing behavior and source agricultural inputs domestically. It generates more demand for crops grown by American farmers.

*Minimum sourcing threshold starts at 50% and increases 5% each year until it reaches 85%

By promoting domestic sourcing, the tax credit can help

- Mitigate volatility in agricultural sectors
- Enhance food supply chain security
- Stimulate domestic manufacturing investment
- Reduce over-reliance on foreign markets

The tax credit presents an opportunity to strengthen and enhance the mutually beneficial relationship between American farmers and the businesses that help the farmers' bounty reach their ultimate customer – the consumer.

BIPARTISAN SPONSORS

Rep. David Kustoff (R-TN-08)

Rep. Jim Costa (D-CA-21)

Rep. David Rouzer (R-NC-7)

Rep. Mike Carey (R-OH-15)

Rep. Mark Alford (R-MO-4)

COALITION PARTNERS

- American Farm Bureau Federation®
- American Malting Barley Association
- FMI The Food Industry Association
- National Association of Manufacturers
- NAWG National Association of Wheat Growers
- National Barley Growers Association
- NCFC National Council of Farmer Cooperatives
- National Sorghum Producers – the voice of the sorghum industry
- U.S. Chamber of Commerce
- U.S. Farm-Raised Catfish 100% American
- USA Rice®

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