March 23, 2018

Dear Valued Customer:

We are very excited to announce that the Omnibus spending bill that was passed by the United States Congress on March 23rd contained a fix for the marketplace disruption that had been occurring related to Section 199(a). This fix will allow growers to continue to have options regarding where they sell their grain, and for competition in the marketplace to continue to thrive. This fix is retroactive to January 1, 2018.

Additionally, a true even playing field now exists in the ag marketplace.

Here's how it works:

If you sell your grain to The Arthur Companies, you will receive a 20% tax deduction on income earned from that grain sale.

Section 199(a) Tax Reform Economic Model		
Soybeans Sold to Arthur Co :	50,000	(bushels)
Gross Revenue:	$500,000	(Assumes $10 cash soybeans)
Qualified Net Income*:	$100,000	
20% Tax Deduction:	$20,000	
Taxable Net Income:	$80,000	

**Net Income attributable to this grain sale*

If you sell your grain to a co-op, you also receive a tax benefit. You can receive a 9% DPAD deduction as well as an 11% deduction on qualified incoming, totaling 20%. However, remember to discuss with your co-op General Manager how much of the deduction they plan to withhold at the entity level for use at the co-op. By law, the co-op is allowed to keep the 9% DPAD deduction for use at the entity level.

Please reach out to our team with any questions.

Thank you!

-The Arthur Companies Team

The Arthur Companies