Two Rivers Cooperative

April 10, 2018

Dear Member,

On December 21st and January 5th, I communicated with you regarding the new Section 199A tax deduction which was included in the Tax Reform Bill of 2017.

As I am sure you have heard, Section 199A created quite a buzz around the grain industry over the past few months. Now that the "dust has cleared", I want to take a bit of time to update you on the current status of Section 199A.

Due to concerns the original language of Section 199A would cause market disruptions, the National Grain and Feed Association and the National Council of Farmer Cooperatives worked together to provide a "fix" for Section 199A. That language was included in the Omnibus Bill, which was approved by Congress and signed by President Trump in late March.

We are now starting to get some clarification of the details which were included in the bill and feel it is appropriate to now update you on what we have learned to date. As always, please refer to your individual tax preparer for details on how these changes affect your individual operation.

The new update is a bit more complex than the original Section 199A, but at the present time, it allows your cooperative to resume the consideration of passing through the same type of deduction we have done over the past eight years. That pass through has totaled over $6.8 million and has resulted in estimated tax savings for our members of approximately $2.4 million during that time.

As before, it will be the Board of Directors decision at the end of the fiscal year how to best utilize this tax deduction for both the cooperative and for you, our owners. We will keep you updated as more information becomes available, but I would once again remind you to discuss with your tax preparer how Section 199A will affect your individual operation.

Thank you for your business in the past and we look forward to working with you in the future.

Have a SAFE and PRODUCTIVE spring season.

Sincerely,

Tracy Gathman
General Manager