

## **Congress Passes RURAL Act and SECURE Act**

Thanks to the strong advocacy efforts of electric cooperatives across the country – including those in Minnesota – and many of the congressional leaders who represent cooperative districts, the RURAL Act and SECURE Act provisions are included in the final U.S. FY 2020 budget agreement. Earlier this week, the U.S. House passed the legislation and it passed in the Senate on December 19. The legislative package now goes to President Trump, and he is expected to sign the bill into law.

The RURAL Act protects electric cooperatives throughout the nation from the risk of losing their tax-exempt status when they accept government grants for disaster relief, broadband service and other programs that benefit co-op members.

The RURAL Act was the National Rural Electric Cooperative Association's top legislative priority for 2019 because of the profound threat to the business model of not-for-profit co-ops. Tens of thousands of co-op leaders, employees and members across the country rallied to advocate passage of the bill.

The legislation attracted more than 300 co-sponsors in the 435-member House and more than half of the senators. The effort was led in the House by Reps. Terri Sewell, D-Ala., and Adrian Smith, R-Neb., and in the Senate by Rob Portman, R-Ohio, and Tina Smith, D-Minn.

The bill's passage fixes unintended consequences of the 2017 Tax Cuts and Jobs Act, which redefined government grants to co-ops as income rather than capital. That change made it difficult for many co-ops to abide by the 15% limit on non-member income to keep their tax-exempt status. The RURAL Act once again exempts grants from being counted as income and is retroactive to the 2018 tax year.

Without the fix, some co-ops would have had to start paying taxes this spring after receiving grants in 2018 or 2019 to repair storm damage, bring high-speed internet to rural communities or invest in renewable energy and energy-efficiency programs. Many co-op leaders feared they would have to raise rates for members to pay the new taxes.

The SECURE Act, another legislative priority this year, will lower the amount of premiums paid by co-op pension plans to the Pension Benefit Guaranty Corporation (PBGC).

This package preserves the fundamental nature of the electric cooperative business model and will save electric co-ops tens of millions of dollars each year. Moreover, it protects co-op members from unfair increases in their electric rates and provides certainty to co-ops that leverage federal and state grants for economic development, storm recovery and rural broadband deployment.

It's truly a testament to the power of the electric cooperatives' unified voice and advocacy efforts that this legislation passed. We are grateful for the role each of you played in protecting the cooperative business model.

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