

James Hagedorn
Chairman and Chief Executive Officer

January 23, 2024

The Honorable Jason Smith
U.S. House of Representatives
1011 Longworth House Office Building
Washington D.C. 20515

RE: Tax Relief for American Families and Workers Act of 2024

Dear Chairman Smith,

On behalf of The ScottsMiracle-Gro Company, I am writing to thank you for your leadership and express our support for the bipartisan tax proposal announced by Chairman Wyden and yourself. We encourage you and your colleagues to continue to support American business and workers through these challenging economic times and to partner with us to spur innovation and job growth with these reforms.

ScottsMiracle-Gro is the quintessential American company. Established in 1868 in Marysville, Ohio, the ScottsMiracle-Gro name is synonymous with America's love for lawns and gardens. ScottsMiracle-Gro pioneered grass seed and lawn care products in the United States, and continues that research today, headquartered, still, in the same town of Marysville, Ohio in which it was established 156 years ago. ScottsMiracle-Gro manufactures an extensive range of home lawn and garden products including fertilizers, potting soils, composts, mulches, pest controls and smart garden technology.

ScottsMiracle-Gro also is a leader in the evolution and emergence of controlled environment agriculture and specialty, high-value horticultural crops through its subsidiary The Hawthorne Gardening Company (HGC). The Hawthorne Gardening Company provides industry leading products for greenhouse growers, indoor growers and specialty agriculture farmers, including hydroponic growing systems, light fixtures, benches, soilless growing substrates, fertilizers, pest control, fans and many other cultivation inputs.

We have more than 5,000 associates and our operations are found in twenty-eight states, this includes our growing media plants in Wright City and Harrisonville, Missouri. Our products are sold through retail stores and online in every state of the union. Ohio is not only our headquarters but is also home to our manufacturing and the center of our research and development. Today, we have over 92 acres of research plots, 17,000 square feet of greenhouse space, a 16,000 square foot rainfall exclusion shelter, a U.S. Department of Agriculture-APHIS certified Insectary, and a newly opened 9,300 square foot Controlled Environment Agriculture Center, and much more. We also have

research facilities in Florida and Oregon that support our research ensuring the products we give to consumers and growers can be used in any U.S. climate.

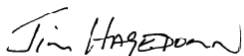
Our research and development team has over 100 associates including on-staff research scientists, specialists and engineers, as well as partnerships with leading academic institutions. We transform scientific discovery into effective and enjoyable product solutions for homes, lawns, gardens and plants.

We hope that you will ensure that any tax reform includes:

- **Immediate R&D Expensing for U.S. Businesses:** *For 70 years we were permitted immediate deduction of 100% of our research and development expenses. Moving the expensing to a 5- or 15-year amortization made the U.S. a global outlier as one of only two developed countries with such a policy. We estimate that immediate expensing will free up approximately \$5 million cash annually for us to reinvest.*
- **Extended Application of Interest Deductibility:** *A restoration of the earnings before interest, taxes, depreciation, and amortization (EBIDTA) standard. Capping deductibility limits on the deduction would make all forms of business investment more expensive. We believe the restoration of the EBIDTA formula, without caps, frees up millions of dollars for The ScottsMiracle-Gro Company to reinvest into essential parts of the business.*
- **Full Bonus Depreciation:** *Congress should end the phasedown of deductibility of the costs associated with capital assets, including manufacturing equipment. Allowing for full deductibility helps to spur capital investments in our manufacturing and other facilities, which helps to increase efficiency and support jobs.*

Implementing these tax reforms is must-pass legislation to support continued innovation and help US companies, like ours, stay ahead of international competition. Thank you for continued efforts to fight for American families, jobs, and innovation!

Sincerely,



Jim Hagedorn
CEO, The ScottsMiracle-Gro Company

CC:Ohio Congressional Delegation