

American Cotton Shippers Association

Buying American Cotton Act



Legislation Overview: The Buying American Cotton Act (BACA) leverages the traceability of U.S. cotton and the purchasing power of American consumers by authorizing transferable tax credits to incentivize the use of U.S.-grown cotton as well as domestically manufactured cotton products. BACA exhibits a forward-looking approach to farm policy—one that creates demand for production, strengthens domestic supply chains, and positions U.S. cotton to compete and grow in a changing global fiber market.

Benefits: Some of the benefits of this legislation include:

- The U.S. cotton industry supports more than \$103 billion in total economic activity and billions in annual input purchases, labor, and equipment.
- This bill promotes the consumption of cotton, a natural, biodegradable fiber, compared to manmade fibers.
- Increasing cotton use aligns economic strength with environmental and public health priorities already well understood across the industry.

Eligibility: Within the legislative text, the following are defined:

- Eligible articles are cotton products—such as apparel, home textiles, and nonwovens—that are either fully manufactured in the United States or imported into the United States and made, in whole or in part, from U.S. upland cotton or extra-long staple cotton. Note: Articles sold outside of the U.S. do not qualify.
- Direct Beneficiary is the first U.S. entity to sell an eligible article in its final condition, meaning it is ‘ready for sale’ at retail to the consumer.

Tax Credit Value: The value of the tax credit is based on three main components: three-year average cotton price, price factor, and location factor.

$$\text{Tax Credit} = (3 \text{ Year Average Cotton Price Per Pound}) \times (\text{Price Factor}) \times (\text{Location Factor})$$

Traceability: Entities claiming the tax credits must provide proof of U.S. origin through a credible supply chain tracing system that certifies the provenance and



volume of the U.S.-grown cotton or, if applicable, the U.S.-manufactured yarn or fabric, used in the eligible article.

Transferable Credit: This bill allows for the tax credit to be transferable, as defined in Section 6418(f)(1)(A) in the IRS tax code.

Effective Date: The House and Senate bills differ slightly on the effective date.

Call to Action: ACSA commends Members in both the House and Senate for leading this meaningful legislation and looks forward to working with lawmakers to advance this bipartisan, bicameral solution to secure a more resilient future for U.S. cotton. ACSA members and industry colleagues play a vital role in building support for BACA. Please contact your Members of Congress and urge them to support the Buying American Cotton Act. You can [find](#) your Representative and Senators here. When engaging, emphasize:

- The importance of strengthening demand for U.S. cotton
- The role cotton plays in jobs, rural economies, and manufacturing
- The value of policies that align economic strength with environmental and public health priorities

For additional background, talking points, and advocacy resources, visit ACSA’s [Advocacy page](#) or contact the ACSA staff. For the most up-to-date information, follow us on [X](#).