



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

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Contacts: Laura Hayes, Lara Birkes
202-224-4515

“The Dividend Allocation Rule” Floor Statement

MR. PRESIDENT, America’s agriculture industry has not had it easy in recent years. In Montana and other areas of the country, drought, low prices and the economic downturn have hit our farms and ranches hard. Over the past few years Congress has worked hard to help our nation’s smaller agriculture producers. However, there is more work to be done.

Senator Grassley and I recently introduced “*The Tax Empowerment and Relief for Farmers and Fisherman Act*” (TERFF) with the intention of giving farmers the tools to help themselves. One provision within that Act deals with the payment of dividends on cooperatives’ stock. Today we are introducing that provision on its own to emphasize the importance of changing the dividend allocation rule.

Currently, the dividend allocation rule imposes an additional tax on the payment of a dividend on capital stock from non-patronage earnings. This double-taxation is unfair and discourages outside investors.

Modifying this rule will make farmer cooperatives more competitive and provide better access to capital. This piece of legislation will help revitalize farmer cooperatives by giving them the influx of capital needed to compete.

I look forward to working with my colleagues to enact the critical piece of legislation.

