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Statement of Sen. Chuck Grassley
Finance Committee Markup of Tax Title to Farm Bill, Peru Trade Agreement
Thursday, Oct. 4, 2007

Thank you, Mr. Chairman. First, I want to again thank you for your leadership in moving the legislative process forward with respect to our piece of the farm bill and the trade agreement with Peru. The Finance Committee has a long history of responding to the needs of rural America. Both of these pieces of legislation continue that tradition. What's more, for the first time I'm aware of, we will be merging our agricultural tax policy with the Agriculture Committee's authorization and spending policy.

In the other body, the tax-writing committee yielded revenue directly to the Agriculture Committee. The Chairman and I both saw this as a dangerous precedent for the tax-writing committees in each body. So, for those members of this committee, especially the critics of the Chairman's mark, I'd ask you to keep your eye on the ball. Today's action on the farm bill is as much about asserting and protecting the rights and privileges of all Finance Committee members, as it is about the substance of the legislation.

Now, I'll turn to the specifics of the tax title to the farm bill and the Peru trade agreement. As many here today know, we are going to be taking up the Senate farm bill very soon, but first this committee has a job to do. We've got some important tax relief provisions in this bill that will strengthen rural America and our agricultural industry.

I've never been a big proponent of a permanent disaster program, as most of you know. But there are a few key items that I want to point out. This program will set up a permanent system to administer disaster aid. We won't have to go through the trouble of setting up a new way to administer it every time we do an ad hoc disaster package. Also, what's most important to me is that this is tied directly to crop insurance. In my home state of Iowa, we have a very successful crop insurance system. I like that farmers have to take risk mitigation into their own hands. Tying the two together was the only way it will work.

We've got conservation backlogs in programs like the Wetlands Reserve Program ("WRP") and the Working Grasslands Protection Program. Just in Iowa alone, we have tens of thousands of acres that weren't able to participate in WRP. By letting participants have the option of a tax credit, we'll free up money so that more fragile acres can be protected. Also, CRP payments are currently treated as

self employment income by the IRS. But we've got disabled and retired people participating in the programs. Clearly this is rental income for them and should be treated that way by the tax code.

We are also making improvements to aggie bonds. Last year, over \$32 million was used for first-time farmers and ranchers to purchase farm land. This program has been critically important to the 18 states that are participating to help first time farmers get on their feet. There is a barrier to these first-time farmers. Those of us from farm country know the price of land is skyrocketing. It's almost impossible for a young person without capital to get into the profession. I've got a grandson who wants to farm and I feel it's our duty to give our young people the opportunity to do so successfully. Since the price of land is rising, our aggie bond limits must also rise for the cost of inflation so that these bonds are actually available to cover these costs.

We also have tools in the package which will help enhance economic development. Not only are our beginning farms and ranches important, but so are the rural communities, the main street businesses, and the services that are provided in these areas. Broadband, distance learning, and community facilities are essential tools to a vibrant and active population and the rural renaissance bonds will continue to encourage these services' development.

Now, Mr. Chairman, I'll briefly discuss the Peru trade agreement legislation. This is the first of four pending trade agreements, each of which reflect the bipartisan compromise reached on May 10th with the Administration. I had hoped we would be further along by now in implementing these trade agreements, but this is a start. I've spoken before about the many merits of our trade agreement with Peru, so I won't repeat myself here. Suffice to say, I believe that implementation of this agreement, as well as our trade agreements with Colombia, Panama, and South Korea, is very much in our national interest. I would hope to see the Peru legislation brought to the floor without delay.

Mr. Chairman, America's heart is its rural communities. Today, the committee will move two pieces of legislation designed to strengthen our nation's heartland. I urge my colleagues to respect that heartland and support the bipartisan legislation we are about to consider.