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Opening Statement of U.S. Senator Chuck Grassley of Iowa
Ranking Member of the Committee on Finance
Hearing on Oversight of Government Tax Policy in Farm Country
Tuesday, July 24, 2007

Thank you, Chairman Baucus for the opportunity to speak and for having this hearing. I want to make clear right away that the purpose of this hearing is not to threaten federal farm payments, nor is it to make things difficult for those who receive those payments legitimately. I recognize the importance of the family farmer to this nation and know first-hand the challenges that family farmers face on a daily basis. It is very important that we provide an adequate safety net to protect family farmers in order to guarantee the food supply that our nation, and much of the world, depends on.

What this hearing is about is keeping people from collecting improper payments and ensuring that farm payments are distributed to those who need and are supposed to receive them. All of this may sound familiar to some of us because this committee held a hearing with a similar objective on June 16, 2004 titled "Strengthening Regulations and Oversight to Better Ensure Agriculture Financing Integrity." In that hearing we heard from the Government Accountability Office that "Individuals may circumvent the farm payment limitations because of weaknesses in FSA's (Farm Service Agency) regulations." The concern was that large farming operations were able to circumvent payment limitations by using means such as channeling payments to affiliated farming operations.

Despite the optimism that the 2004 hearing title implies, better agriculture financing integrity has clearly not occurred.

In fact, you could argue that things have gotten worse. Now we find that deceased individuals are improperly receiving farm payments. It would be more accurate to say that individuals who are still alive are making improper use of payments and that it seems questionable if anything is being done to stop them. Underneath the novelty of the deceased benefiting from a government program at the expense of the living, we find the same basic problem in that large organizations are able to circumvent payment limitations and take more than their fair share. Slick accountants are benefiting at the expense of the true family farms that these payments are supposed to help.

As I said before, this hearing is not about threatening farm payments or giving America's

farmers more hoops to jump through, but to ensure that federal farm programs actually help family farmers who work hard in their fields and not someone who sits in their office all day looking for loopholes in the tax code.

It has been suggested that any amounts that were over-paid are not significant in that the overpayments are a very small share of the total amount of farm subsidies that have been paid out. This sort of thinking is absolutely inexcusable. First, the GAO testimony seems to indicate that we don't really know the amount of improper payments that have been made.

Additionally, even if the improper payments do amount to half of one percent of farm subsidies paid between 1999 and 2005, that would amount to \$650 million. Anyone who could argue that this is not an incredibly vast sum of money needs to get out of Washington.

Despite these problems with farm payments, we are now in a strong position to take substantive action. The Finance Committee currently shares eight members with the Agriculture Committee. This overlap of members gives us the opportunity, as a new farm bill is crafted, to use the expertise of this committee to solve existing tax problems and prevent new problems before they result in a GAO report 10 years from now. As we work on these problems we must not lose sight of the family farmers that are the intended beneficiaries of farm payments. Farm payments are neither corporate welfare nor subsidies for creative accountants, but should go to people who actually work the land and not the tax code.