



National Farmers Union

Testimony of Tom Buis

Before the

U.S. Senate Committee on Finance

Tax Policy in Farm Country

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PRESIDENT, NATIONAL FARMERS UNION

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Chairman Baucus, Senator Grassley and members of the committee, thank you for the opportunity to testify on tax policy in farm country. My name is Tom Buis and I am the President of the National Farmers Union (NFU). I commend you for holding this important hearing and look forward to working with you to increase the efficiency, effectiveness and equity of rural tax policy.

NFU is proud to be an organization whose policy positions actually come from producers. NFU policies are written at the local, regional, state and then the national level. Our policy, as adopted at our annual convention in early March, states that the independent family farmer and rancher owned and operated food, fuel and fiber production is the most economically, socially and environmentally beneficial way to meet the needs of our nation. While the economy of rural America faces many challenges, there are also a number of opportunities for growth and revitalization in rural communities. Fuels from the farm and the growing demand for buying fresh and local foods are two ways to return profitability to farm country. New farm products and trends in agriculture marketing have the potential to return profitability and economic opportunity to production agriculture and rural communities. However, producers who wish to take advantage of these new trends face significant cost constraints which can be difficult to overcome without financial assistance in the form of tax incentives.

Last year, NFU held 15 listening sessions throughout the nation. The number one issue of concern among producers was the lack of a permanent disaster program. Farmers and ranchers view the lack of a permanent disaster program as a significant threat to the continued viability of production agriculture. Farmers and ranchers have no control over the weather and can face devastating losses when disasters strike. Without government assistance, farmers and ranchers who suffer from weather-related disasters lose profits and, all too often, their farming operations.

Since 1998, Congress has approved 23 *ad hoc* disaster bills totaling \$47 billion. Each time, the U.S. Department of Agriculture (USDA) has to develop and implement what is often a different program. As you know, Congress passed disaster assistance earlier this year for losses that took place in 2005, 2006 and 2007. However, it will not be until late this year or early next year that payments are made. That is a long time to wait for losses that occurred in 2005.

One of the highest priorities for NFU is making *ad hoc* disaster assistance a thing of the past and moving to a permanent disaster program. A permanent disaster program would provide rural Americans with an assured safety net in the event of natural disasters. It would also allow USDA certainty in how the program operates, therefore making the program more efficient and effective with scarce taxpayer dollars, and more timely for producers.

Mr. Chairman, President Eisenhower once said, "Farming looks mighty easy when your plow is a pencil, and you're a thousand miles from the corn field." Well, there are a lot of pencil plowers in Washington, but I am pleased that on this committee there are many members who support American agriculture and know that there are serious issues to be addressed.

I am hopeful that the new farm bill will include permanent disaster assistance and that this Committee will address the related funding issues to ensure that the resources are available for such a program.

I would note that one of the reasons that resources are needed is due to the success of the 2002 Farm Bill. The program worked so well, relying primarily on the counter-cyclical nature of the program, that it did not expend the resources contemplated. As a result, under current budget guidelines, Congress has a reduced budget baseline for which to write the 2007 Farm Bill. It is a shame that budget rules short-change fiscally responsible programs such as the 2002 Farm Bill. The 2002 legislation saved billions of dollars while producers received their income from the marketplace. If all federal programs were as fiscally responsible,

we would have a budget surplus, not a deficit. However, that has left no resources for a new permanent disaster program.

Again, NFU considers permanent disaster assistance a critical and inseparable part of an adequate safety net which should be included as part of the new farm bill. We urge the committee to find the needed resources to allow a permanent disaster provision to be implemented so that *ad hoc* disaster legislation becomes a thing of the past. Producers need some certainty.

Mr. Chairman, I again thank you for holding this hearing and for the opportunity to testify. I would be pleased to take any questions at the appropriate point and look forward to working with you and all members of the committee to craft a thoughtful new farm bill for our nation.