

# United States Congress

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## 2008 FARM BILL TAX PACKAGE: FARM TAX REFORMS, FARM TAX RELIEF

Farm bill negotiators have settled on a final package of farm tax reforms funding farm tax relief, as well as agriculture and economic aid trade measures. Following is an outline of the agreement with estimated savings and costs. The agreement is fully offset.

### **Farm Tax Reforms: \$1.998 billion**

Optional Self-Employment Tax for Social Security	RAISES \$	.105 billion
Reduce Ethanol Credit by 6 cents	\$	1.203 billion
Exclude Denaturant from Alcohol Fuels Credit	\$	.124 billion
Limitation on Farming Losses of Certain Taxpayers	\$	.479 billion
Extend Tariff on Imported Ethanol	\$	.070 billion
Duty Drawback on Certain Imported Ethanol	\$	.017 billion
Information Reporting for Commodity Credit Corporation Transactions	\$	0
	<b><u>Total Reforms</u></b>	<b>\$ 1.998 billion</b>

### **Farm Tax Relief and Incentives: \$1.673 billion**

#### **Conservation: \$1.048 billion**

Self-Employment Tax Relief for Retired, Disabled Farmers	COSTS \$	.192 billion
Endangered Species Act Deduction	\$	.283 billion
Extension of Conservation Easement Deduction	\$	.105 billion
Forest Conservation Bonds	\$	.250 billion
New Maximum Tax Rate for Qualified Timber Sales and Timber REIT Modernization	\$	.218 billion

#### **Agricultural and Other Investments: \$222 million**

Aggie Bond Improvements	\$	.020 billion
Like-Kind Exchanges for Ditch, Reservoirs and Irrigation	\$	.002 billion
Agricultural Chemicals Security Tax Credit	\$	.014 billion
Kansas Tornado Disaster Relief	\$	.060 billion
Equine Depreciation	\$	.126 billion
Modification to the Advance Coal Project Credit and the Gasification Project Credit		(no revenue effect)

#### **Alternative and Renewable Fuels from Agriculture: \$403 million**

Establish Cellulosic Biofuels Credit with accompanying study	\$	.403 billion
	<b><u>Total Tax Relief</u></b>	<b>\$ 1.673 billion</b>

### **Agriculture and Economic Aid Trade Measures: \$273 million**

Caribbean Basin Preferences	COSTS \$	.161 billion
Haitian Hemispheric Opportunity through Partnership Encouragement	\$	.112 billion
Reform Drawback for Wine Exports		(negligible effect)
Softwood Lumber		(negligible effect)
Stay of First Sale		(negligible effect)

**Total Trade** \$ .273 billion