

New Payment Limits Legislation for Farm Bill Discussion

Written by Grassley Press
Friday, 23 March 2012 12:21

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Grassley, Johnson Push for Legitimate Payment Limits in Upcoming Farm Bill Discussions

Senators Introduce New Legislation to Place Hard Caps and Close Loopholes

WASHINGTON – Senators Chuck Grassley and Tim Johnson today are introducing legislation that would place a hard cap on the farm payments an individual farmer could receive in a year and would close long-abused and well-documented loopholes in the farm payment program.

The new Grassley-Johnson payment limits bill sets a hard cap for farm payments of \$250,000 per married couple, and closes loopholes that allow non-farmers to qualify for federal farm payments.

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The senators had introduced similar legislation earlier this Congress, but wanted to be sure the legislative text would accommodate any type of safety-net program adopted in a new farm and nutrition bill. This is particularly important in light of the growing prospect that direct payments are unlikely to be included in a farm and nutrition bill.

“A strong safety net is critical to ensuring a safe and affordable food supply. In order to maintain that safety net, we can’t have the mentality of the past where the government looked the other way and allowed people with no connection to the farm to take farm payments,” Grassley said. “It’s unacceptable that small- and medium-sized farmers get so little of the very program that was created to help them.”

“The farm safety net was designed to help family farmers but it has increasingly led to a windfall for owners of our nation’s largest farms. Congress should act to close the loopholes and better target payments to our small and mid-sized family farmers. This legislation represents our best chance to move forward with reforms as consideration of the farm bill continues,” said Johnson.

Specifically, the new Grassley-Johnson payment limits bill has a hard cap on marketing loan gains of \$75,000 (\$150,000 for a couple). The remainder of the payment limit would be a cap on the total amount a farmer can receive in safety-net payments in general. For instance, if the Congress were to adopt a shallow loss program, the Grassley-Johnson bill would set a limit of \$50,000 (\$100,000 for a couple) that a farmer could receive.

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In addition, the bill closes loopholes that allow people with ties to the farmland that consist of a conference call and nothing else. The bill sets a measurable standard for someone to qualify as actively engaged in farming by providing management for the operation, and the bill provides an exception for farming operations where there is only one manager of the farm. This exception should help the Department of Agriculture administer the standard.

Here is a copy of the text of Grassley's statement submitted for the Congressional Record upon introduction of the bill today.

Prepared Floor Statement of Senator Chuck Grassley

The Rural America Preservation Act of 2012

Wednesday, March 21, 2012

Mr. President, today I am introducing the Rural America Preservation Act of 2012. I appreciate Senators Johnson of South Dakota, Enzi, Brown of Ohio, Gillibrand, and Nelson of Nebraska for joining on this bill, and in this effort.

As the Senate Agriculture Committee continues working on the next farm bill, one thing seems

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to be clear. The Title I safety-net is going to look quite different than current programs.

It appears the direct payment program may be done away with entirely. Some of my colleagues and agriculture groups have proposed a variety of new ideas as possible replacements to the current commodity title.

No matter what commodity program we create, my bill sets the marker on payment limitations. I introduced a similar payment limits bill last year, but this bill should better address whatever type of safety-net program we adopt going forward.

The premise remains the same. We need firm payment limit. And we need to close loopholes. I support having a safety-net for farmers. This nation enjoys a safe and abundant food supply. Certainly a lot of that can be attributed to the ingenuity and hard-work of the American farmer. But the farm safety-net helps small and medium-size farmers get through tough times that are out of their control.

We need an effective safety-net to assist farmers. But equally important is for Congress to develop a defensible safety-net. I will continue to work with my Agriculture Committee colleagues to figure out what type of program will be most effective.

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We already know the steps that need to be taken to make it more defensible. Defensible means setting firm caps on the farm payments any one farmer can receive. The current approach does not have any overall cap.

There's nothing wrong with farmers growing their operations. But big farmers shouldn't be using taxpayer dollars to get even bigger. When the largest 10% of farmers receive 70% of farm payments, something is wrong. There comes a point where some farms reach levels that allow them to weather the tough financial times on their own. Smaller farms do not have the same luxury, but they play a pivotal role in producing this nation's food.

If you want to witness how farm payments to big farmers create a barrier for small and beginning farmers, look at land prices.

The current system puts upward pressure on land prices making it more difficult for small and beginning farmers to buy ground. This is not unique to Iowa. This upward pressure on land prices is occurring in many other states.

This bill proposes an overall cap of \$250,000 for a married couple. In my state, many people

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would say this is still too high. But I recognize that agriculture can look different around the country, and so this is a compromise. Strong payment limits will ensure farm payments are helping those who payments were originally created for, the small and medium-size farmers.

Having an overall cap is more defensible from a federal budget stand point as well. This nation needs to make tough decisions regarding all government programs. And we need to find savings across the board. Setting strict caps on all commodity programs should be a no-brainer as we look to find savings and increase accountability in farm programs.

Having a defensible safety-net also means closing loopholes in the current law. For all the rhetoric that comes out of Washington D.C. about eliminating fraud, waste, and abuse, making sure non-farmers don't game the system is a common sense step to take.

It's simple, if you are not a farmer, you shouldn't get a farm payment. The bill I introduced last year, and this bill, has language that closes the loopholes.

After I introduced the bill last year, we received some questions regarding the language from two camps of people. The first camp of people I would say were critical because they don't want the loopholes closed. They would have us turn a blind eye to the fact people game the system. They would have us turn a blind eye to the fact we have nonfarmers who claim to help "manage" the farm by participating in one or two conference calls a year. To those people, I cannot satisfy your concerns. I will not turn a blind eye to abuses. These are loopholes that

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need to be closed.

To the other camp of people, who have provided constructive feedback, I would say, we have listened. The revisions we made addressed the issues raised. We have improved the language closing the loopholes. This bill provides a tangible, workable, and fair approach. Closing these loopholes is the right thing to do for the American taxpayer. And it's the right thing to do for the American farmer.

Hard caps on farm payments and closing loopholes should be supported by anyone who wants an effective and defensible farm safety-net.

As the Senate Agriculture Committee heads toward a mark-up of the Farm Bill, I invite my Senate colleagues to join me in supporting this bill.

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