

## Senator Grassley, Senator Johnson propose reform payment limits for Federal Farm Programs

Written by Elisha Smith  
Friday, 23 March 2012 12:37

---

### Center for Rural Affairs applauds effort to close loopholes and cap payments

Lyons, Nebraska - Today, Senator Chuck Grassley (R-IA) and Senator Tim Johnson (D-SD) introduced legislation designed to tighten payment limits on federal farm commodity programs and close loopholes mega-farms use to evade limits, while ensuring small and mid-size family farmers have the kind of support farm programs were designed to deliver.

"This legislation represents the most important step congress can take to strengthen family farms - limit the subsidies that mega-farms use to drive smaller operations out of business," said Brian Depew, Acting Executive Director of the Center for Rural Affairs.

"The Grassley-Johnson bill includes measures to close the loopholes in farm payment limitations that others in Washington know how to close but won't, thanks to the political clout of mega-farms," Depew added.

In commenting the introduction of the bill, Senator Grassley stated, "When seventy percent of farm payments go to only ten percent of farmers, there's something wrong. It's time to change that. A safe, stable and affordable food supply is essential to social cohesion and a strong safety-net geared toward small and medium-sized farmers is an important part of making that happen."

Senator Johnson echoed that rationale, saying, "I have long believed that we must target our farm programs to the small and medium-sized family farmers that are the backbone of our rural economy. Senator Grassley and I acknowledge that the structure of the safety net is likely to change during the upcoming Farm Bill reauthorization process, and so we are introducing this bill to ensure that payment limits apply to the new structure."

According to Depew, 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.

## Senator Grassley, Senator Johnson propose reform payment limits for Federal Farm Programs

Written by Elisha Smith  
Friday, 23 March 2012 12:37

---

Additionally, the bill closes loopholes that allow people with ties to farmland whose management consists of little more than an occasional phone call. 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.

"The bill would tighten rules that are supposed to limit payments to active farmers who work the land and their landlords. Current law is weak. Investors who participate in one or two conference calls are considered active farmers, allowing mega-farms to get around payment limitations by claiming uninvolved investors as partners," explained Depew.

"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.