



SUSTAINABLE AGRICULTURE COALITION

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Farm Coalition Endorses Payment Limitation Reform Legislation

The Sustainable Agriculture Coalition today endorsed commodity program payment limitation reform legislation introduced by Senators Charles Grassley and Byron Dorgan. The proposed legislation would place a limit of \$250,000 on the amount of commodity payments any one farm can receive on an annual basis and close an array of existing loopholes in order to distribute scarce federal dollars in a more equitable way and restore integrity to the program.

The bill introduced today is consistent with the payment limitation reform proposal contained in last week's budget request from the President and with the 2002 Farm Bill floor amendment that passed the Senate floor with a two-thirds affirmative vote, and builds directly on recommendations of the 2003 USDA Payment Limitation Commission report and the 2004 U.S. General Accounting Office report.

"Passage of this initiative will level the playing field for family farmers by limiting the ability of the largest producers to bid land away from smaller and beginning operators and will raise farm income by reducing land prices and rents and discouraging price-depressing production on every last acre of land," according to Ferd Hoefner, a representative of the Coalition

The bill would establish effective caps of \$40,000 on direct (fixed) payments, \$60,000 on counter cyclical payments, and \$150,000 on loan deficiency payments and marketing loan gains, including gains on generic certificates and forfeited commodities. The combined limit would be \$250,000. In comparison, under current law the cap on direct payments and counter cyclical payments is \$80,000 and \$130,000, respectively, and there is no effective cap on loan deficiency payments and marketing loan gains, and hence no effective total limitation.

The bill would also direct USDA to promulgate regulations that count all payments on production under the primary control of a single person toward that person's limitations. This would prevent mega farms from avoiding the limitations by constructing complex business relationships that allow them to control production but put crop ownership and payments in the name of other parties. These regulations would come into play only when payments on the production controlled by a person exceed the effective limits established by this Act. Finally, the bill would improve USDA's enforcement ability by instituting firm penalties for fraud.

"It is time to stop forcing the taxpaying public to pay for farm consolidation and the loss of economic opportunities in farming," said Hoefner. "The current lack of effective payment limits hurts family farmers and the rural communities they help support, harms the environment, and compounds our compliance problems with world trade rules."

The Sustainable Agriculture Coalition represents grassroots farm, rural, and conservation organizations from across the country that advocate for public policies supporting the long-term economic and environmental sustainability of agriculture, natural resources and rural communities.