



## SUSTAINABLE AGRICULTURE COALITION

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### **PAYMENT LIMITATION COUNTER-REFORMATION**

*Washington, D.C. July 17, 2007* – The Managers Amendment issued tonight for consideration tomorrow as the House Agriculture Committee starts action on the 2007 Farm Bill would increase the current cap on direct and counter cyclical payments from \$210,000 a year to \$250,000 a year and remove any cap whatsoever on marketing loan gains and loan deficiency payments. The proposal also fails to address the widespread abuse, documented by the U.S. Government Accountability Office, which results from the lack of any measurable standard to determine whether payments are being made to actual working farmers or to participants in sham partnerships designed to avoid the limitations.

“This proposal unfortunately fails the laugh test for payment limitation reform,” said Ferd Hoefner, policy director for the Sustainable Agriculture Coalition. “A proposal that increases direct payment caps by \$40,000 per year and removes all limits on marketing loan benefits can only truthfully be called counter-reformation. It will only accelerate farm consolidation and further subsidize the demise of the family farm.”

The Managers Amendment proposal would raise the nominal limit on direct payments from \$40,000 to \$60,000 and then allow it to be doubled for a married couple to \$120,000. It would maintain the current counter-cyclical payment limit at \$65,000, or \$130,000 once doubled. The limit for the two payments combined would be \$250,000. There would be no limit at all on marketing loan payments. Hence, there would be no hard cap at all on total payments.

The Dorgan-Grassley proposal pending in the Senate would cap direct payments at \$40,000, counter-cyclical payments at \$60,000, and marketing loan payments at \$150,000, for a hard total cap of \$250,000. The Senate proposal would also establish a clear, measurable standard to determine whether beneficiaries are actually actively engaged in the business of farming. The bill would also close a variety of other existing loopholes that have entered into the statute and regulations over the years.

“If the House of Representatives want to adopt real reform, it need look no further than to the proposal introduced by Senators Byron Dorgan (D-ND) and Chuck Grassley (R-IA),” said Hoefner.

The Managers Amendment proposal would also prohibit payments to individuals with annual adjusted gross incomes of over \$1 million.

Hoefner commented: “The House should not be fooled by watching the hand that goes after millionaires, while missing the hand with the extra \$40,000 in goodies for the mega farms. Bribing mega farms in order to be allowed to try to catch a few millionaires is a raw deal.”

The Managers package also proposes to apply direct attribution of payments to conservation programs, while increasing conservation program payment limitations to \$60,000 a year for participants in one

program and \$125,000 a year for participants in more than one program. This increases the existing payment limitation for both the Conservation Reserve Program and the Conservation Security Program, and lowers the current limitation for the Environmental Quality Incentives Program if participating only in EQIP and raises it by a huge \$50,000 a year if participating in more than one program.

“We strongly support the application of direct attribution rules to conservation programs,” said Hoefner. “Increasing current conservation payment limitations is unnecessary, however, and will only result in fewer farmers being able to participate in these already greatly oversubscribed programs. Conservation programs need greatly increased funding out of this farm bill, not increased payments per farm.”

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.