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MEMORANDUM

To: Reporters and Editors  
Re: Agriculture tax package  
Da: Wednesday, Oct. 3, 2007

Sen. Chuck Grassley, ranking member of the Committee on Finance, made the following comment on the bipartisan agriculture tax package that he helped to develop. The *Heartland, Habitat, Harvest and Horticulture Act* is scheduled for Finance Committee consideration tomorrow. Grassley is also a member of the Agriculture Committee and a working family farmer.

“This is a bipartisan package. Chairman Baucus and I, along with other members of the committee, worked on it together. It’s good to see a combination of conservation, energy, and agricultural bonds provisions in this package. The energy provisions will be familiar to alternative energy proponents who were watching the energy tax package that advanced with the energy policy bill, which stalled. The agricultural tax package includes a new residential wind credit, a new production tax credit for cellulosic ethanol, the extension of the small ethanol producer credit through 2012, and the extension of biodiesel tax credits through 2010. The bill makes improvements to the conservation reserve program to give farmers more flexibility and to make the taxation of conservation reserve program payments more fair. In addition, a new tax credit will help Iowa’s hundreds of conservation-minded farmers who want to participate in the Wetlands Reserve Program but have been shut out because of current farm program inefficiency. These tax changes will give farmers more options to protect potentially thousands of acres of fragile land. The bipartisan bill also improves agricultural bonds for first-time farmers for the first time in more than 26 years. It makes the bonds more generous and easier to use. As the father of ‘aggie bonds,’ I’m glad to help make a successful program work even better. We need to encourage the next generation of family farmers, and this program helps.

“The package also creates an agricultural trust fund to help farmers with crop losses below normal yield but not large enough for crop insurance assistance. Farmers would have to get crop insurance to be eligible for this trust fund assistance. The crop insurance requirement was important to me. In any business, insurance is necessary to protect against risk. Overall, the committee’s agricultural tax package will support American agriculture and the people who rely on it for food and fuel.”

For more information, please see <http://finance.senate.gov/sitepages/legislation.htm>.