

Commodity Payment Limit Reform

2012 Farm Bill

Restoring integrity and fiscal responsibility in farm policy



While farm programs have been capped by law for four decades, they actually operate as unlimited government subsidies that drive family farms out of business and keep new farmer entry low. Because of program eligibility loopholes, an individual does not actually have to be actively farming to receive a government check. These loopholes and unlimited subsidies have helped fuel an exodus from farming and rural America by favoring mega-farms over family farms, driving the consolidation of farmland, and inflating land prices. In a time of record budget deficits, scarce federal dollars should not be flowing without limit to the wealthiest mega-farm owners, and should instead be targeted to those most in need of assistance and capped at a reasonable level.

Bill Basics

Commodity payment limit reform is a no-cost policy that restores common-sense rules to farm programs by:

- Creating a hard cap on commodity payments so that no farm can receive more than \$250,000 per year – rather than the current unlimited amount – in farm subsidies, including not more than \$100,000 per farm in payments not associated with marketing loans.
- Targeting payments to working farmers and closing existing loopholes that allow mega-farms to collect far higher payments than current law would seem to allow.

Why It Matters

- Ensuring fiscal responsibility in farm policy during this time of financial crisis requires creating a firm cap on commodity payments.
- Closing current loopholes is the key to targeting payments to active farmers instead of absentee landowners and investment bankers.
- Rebuilding a vibrant rural economy and farming population requires restoring common-sense rules for farm payments and reinvesting a portion of the savings into higher priorities for rural America.

For More Information: All Members are encouraged to co-sponsor commodity payment limit reform. Contact Jared Hill in Sen. Grassley's office at (202) 224-3744 or Jared_Hill@grassley.senate.gov, or Josh Tonsager in Sen. Johnson's office at (202) 224-5842 or Joshua_Tonsager@johnson.senate.gov.



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