

## Mahoney Continues to Fight for Estate Tax Reform

### Congressman Testifies Before Senate Finance Committee

(March 13, 2008)

(Washington, D.C.) - Congressman Tim Mahoney (FL-16) provided testimony yesterday to the Senate Finance Committee emphasizing the nation's need to change the estate tax law that forces the sale of farms to pay the estate tax.

"America's ability to feed itself is a matter of national security. The 'death tax' has pushed scarce farmland into the hands of developers and robs cash-strapped farmers of working capital by forcing them to invest in schemes to pay the tax," said Congressman Mahoney.

Last year, Congressman Mahoney introduced the Save the Family Farm and Ranch Act of 2007, which would defer payment of the estate tax on family farms as long as the land is used for agricultural or conservation purposes. The Save the Family Farm and Ranch Act of 2007 would apply to those who receive over 50 percent of their gross income from that farm or ranch operation. Using the IRS's definition of farmland, this bill will help those true farmers and ranchers, and not passive investors and "gentlemen farmers."

Tax law for the years 2006 through 2008 permits a \$2 million exemption on inherited estates. Assets over \$2 million are taxed at 45 percent. As a result, many family farmers who do not have the cash necessary to pay the estate tax have been forced to sell their land, which is often converted into commercial real estate or housing developments, reducing our scarce farmland.

Representative Mahoney also supports the House Budget Resolution, which accommodates elimination of estate taxes on all but a minute fraction of estates by reforming and substantially increasing the unified tax credit.

Statement by U.S. Representative Tim Mahoney

"Alternatives to the Current Federal Estate Tax System"

United States Senate Committee on Finance

March 12, 2008

Thank you Chairman Baucus and Ranking Member Grassley for holding this hearing on estate tax reform, and for allowing me to submit my testimony to the Committee. I appreciate your leadership on this issue, which is important to family farmers and small business owners in my district.

In high growth states or in expanding metropolitan areas, such as Florida, land values appreciate due to the value of the land for commercial or home development. Unfortunately, this creates a situation where a family may be forced to sell the family farm to pay the estate tax, as agricultural income is insufficient to cover the liability.

The sale of property for development reduces America's capacity to be an independent producer of a safe food supply. The Centers for Disease Control and Prevention (CDC) estimates that each year in the United States, 76 million people get sick, 325,000 are hospitalized, and 5,000 die from food-related illnesses. While these illnesses are the result of a variety of factors, increased attention has been paid to the safety of imported foods.

Following revelations that pet food imported from China sickened or killed an unknown number of dogs and cats, Congress focused on the more than \$4 billion worth of food we import from China. While the U.S. food supply, including imported food, is among the safest in the world, a challenge is emerging - how do we keep our food supply safe in the face of rapidly rising imports.

Finally, the sale of agricultural property reduces the green space we have and development puts greater pressure on our environment.

As you may know, last year, I joined Representatives John Salazar and Baron Hill in introducing H.R. 1929, the Save the Family Farm and Ranch Act of 2007. This bill will defer the payment of the estate tax on family farms and ranches as long as the land is used for agricultural or conservation purposes. Specifically, the legislation would apply to those who receive more than 50 percent of their gross income from farm or ranch operations. As long as their heirs keep the estate in accordance with the Internal Revenue Services' definition of farmland, the estate tax is deferred until the family decides to sell it or at such time as the family income drops below 50 percent. At that time the sale of the estate would be subject to the estate tax currently in law on the full value of the estate.

The Save the Family Farm and Ranch Act of 2007 protects family farms, maintains farm production, lessens urban development in rural areas, and conserves our environment.

This legislation is similar to S. 1994, which was introduced by Senator Ken Salazar.

As the Senate Finance Committee continues to examine alternatives to the current federal estate tax system, I would urge you to consider the provisions contained in the Save the Family Farm and Ranch Act.

Again, thank you Chairman Baucus, Ranking Member Grassley, and Members of the Committee for your work on estate tax reform, and for providing me with the opportunity to testify before you today.

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