

## Support Grassley/Meadows Amendment to Focus the Farm Safety Net on Farmers

The Grassley/Meadows amendment to the 2018 Farm Bill would close a loophole that allows unlimited numbers of “managers” to be added to a farm entity in order to qualify for taxpayer subsidies. Under current law, most farms are eligible to designate an unlimited number of people as “active personal management only” (APMO) to satisfy the service requirement for farm program eligibility.

### Problems with APMO:

- There are eight vague ways people can qualify such as providing guidance on planting decisions, navigating USDA subsidy paperwork, or “Any other management functions reasonably necessary.” With no requirement a manager step foot on the farm, some individuals are essentially “Farming by Facetime” and cashing checks from the Treasury.
- Under current law an individual is eligible for \$125,000 in collective farm payments each year from the ARC/PLC and marketing loan gain programs. Married couples can automatically double their eligibility to \$250,000 for the same programs. Additionally, farmers who grow peanuts get an additional \$125,000/\$250,000 per married couple just for their peanut crop.
- There is no limit on the number of individuals on a farm qualifying for these subsidies by claiming “active personal management only.”

*(Note: There's one thing the amendment won't change. Farmers who really work on farms can elect labor as the way to satisfy the service contribution. This amendment will not change that. **Every farmer who really farms, will remain eligible under this amendment.**)*

**The Government Accountability Office (GAO) recently reported how some agricultural businesses are exploiting this active management loophole. Just for commodity program payments alone in 2015:**

- \$260 million was sent to absentee “managers” of general partnership farms who did not live or work on the farm;
- 150 general partnership farms had 11 or more absentee “managers,” each receiving a separate payment limit; and

- The recipient of the greatest amount of funds, \$3.7 million, qualified 25 members (plus 10 spouses) using APMO.

**The Grassley/Meadows Amendment limits farm entities to naming a single extra manager for the purposes of receiving farm subsidies.**

- This amendment will impact less than 2% of people currently eligible to receive farm subsidies.
- If three brothers farm together and all of them work day to day on the farm, they and each of their spouses all remain eligible for payments with \$250,000 in eligibility for each couple under this amendment. They can also collectively add one additional manager which would bring the total payment eligibility of the farm to \$1 million per year.
- This reform is included in President Trump's FY19 budget request.
- Both the House and Senate already passed this reform as part of the 2014 Farm Bill. Unfortunately, the Farm Bill Conference Committee ignored the will of Congress and significantly watered down the applicability of the reforms.

**Taxpayers for Common Sense supports inclusion of this common sense provision in the 2018 farm bill to ensure the farm safety net is focused on individuals facing the day-to-day risks of farming, not those choosing to farm the programs.**