

WASHINGTON - Congressman Earl Pomeroy (D-ND), Congressman Collin Peterson (D-MN) and Congressman Lee Terry (R-NE) have introduced legislation to assist beginning farmers and ranchers who want to buy their own land, while also preserving more of the nation's agricultural acres.

"Soaring land values and the high rate of absentee land owners often prevent young agricultural producers from owning land. This bill would help younger farmers and ranchers compete with larger producers. At the same time, it would certainly help preserve productive farm ground near urban areas," Terry said.

This bill would provide its most substantial capital gains relief to land owners who voluntarily sell their acres to "first-time buyer" farmers and ranchers. The bill has been endorsed by numerous national and state agricultural organizations, including the American Farm Bureau Federation, National Farmers Union, National Cattlemen's Beef Association, R-CALF, the National Association of Wheat Growers, and the Center for Rural Affairs.

Specifically, the bill would create three levels of relief for farmers and ranchers who chose to sell land:

1. A 100% exemption from capital gains taxes would be given to those who sell their ag land to a qualified beginning producer.

This full exemption helps level the playing field for younger producers, who must often compete against large, established producers, as well as developers who can afford to offer higher prices for land. (The capital gains' exemption may not exceed \$500,000 per year.)

2. A 50% exemption would be given to those who sell their ag land to any producer who keeps the acres in agricultural production.

This provision helps ensure adequate agricultural production at a time when landowners are pressured to sell their land for purposes other than agriculture.

3. A 25% exemption would be given to anyone selling ag land, regardless to whom they sell or for what purpose.

This provision gives land-owning farmers and ranchers parity with home owners, who were granted substantial capital gains tax relief in 1997 for the sale of their homes.

Nebraska farmland prices have increased 20% over the past two years. A 2005 American Farm Bureau survey found that the majority of young farmers cite the availability of land as their biggest challenge.

"This bill addresses an immediate need in farm states, and should be a part of our comprehensive agricultural policy," said Congressman Terry. "More than half of all farmers today are older than 57. Soon, there may be no such thing as a young farmer in this country. Meanwhile, more than 100 million acres of U.S. farmland have been lost since 1980. This bill is a common-sense approach to ensuring a strong agricultural economy and rural America for generations to come," said Congressman Terry.

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