

News from Senator

BOB DOLE



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FOR IMMEDIATE RELEASE
MONDAY, JUNE 25, 1979

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TAX BREAKS FOR FOREIGN INVESTORS IN U.S. FARM LAND MUST END, DOLE SAYS

WASHINGTON -- Sen. Bob Dole (R-Kan.) today called for an end to tax breaks for foreign investors in U.S. farm land, saying that continuing large purchases indicate "there is some evidence to be concerned."

Dole, the ranking Republican on the Senate Finance Committee, testified before the committee's subcommittee on taxation and debt management.

Under present law, capital gains realized by non-resident aliens and foreign corporations are not subject to U.S. tax unless they are "effectively connected with a U.S. trade or business."

"This must change," Dole said. "As a co-sponsor of the bill introduced by Sen. Wallop (S. 208), I support efforts to remove the tax advantage to the foreign investor and preserve the integrity of American farm lands.

"In recent years, foreign ownership of U.S. property has increased. In some portions of rural America, farmers are alarmed that passive foreign investors are needlessly bidding up the price of property. The property may be removed from the production of agriculture products, which in the long run will prove to be detrimental to this country.

"Non-resident aliens and certain foreign corporations are subject to different tax treatment than our own citizens. These advantages may be contributing to the growth of foreign ownership of U.S. property. While I recognize the need to recycle money through the international system, we must be careful.

"In 1977 and the first half of 1978, non-resident aliens were purchasing agricultural lands at a rate of 560,000 acres per year. In a recent report by the Treasury Department, the value of foreign purchases of U.S. land was approximately \$560 million, or 4 percent of the total value of agricultural land sold in 1977. The average size of the foreign purchases is almost four times that of the U.S. overall average. There is some evidence to be concerned."