

Bob Dole

U. S. SENATOR FOR KANSAS



NEWS

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DOLE, KASSEBAUM PUSH FAMILY FARM TAX REFORM;
ESTATE SHOULD BE "ALL IN THE FAMILY" IN IRS EYES

WASHINGTON - Kansas Senators Bob Dole and Nancy Kassebaum introduced legislation in the Senate today that would seek to keep a favorable tax treatment for farms that are handed down to heirs when the farm owner dies.

Under present law, when the owner dies, the family heirs are able to value the farm estate on an "actual use value" instead of a fair market value. If the farm is sold or not used as a farm within ten years, the heirs of the farm are subject to an increased estate tax.

Many family farms operate under an arrangement where an heir will lease their land to their children. However, current tax regulations state that a net cash lease is not considered "farm use" unless the person leasing the land is the surviving spouse. When the heir is a son or daughter of the farm owner, then the property ceases to be a farm, and the IRS imposes the higher estate tax.

"This estate tax is an enormous penalty to pay for operating a family farm, and the sad fact is that it frequently forces the sale of the farm to pay the taxes," said Dole. "The legislation we introduced today remedies the situation by placing lineal descendants in the same category as the surviving spouse."

"Let's face it, when it comes to our family farms, family is family. It's about time the IRS had the authority to make this critical distinction," Dole added.

"It would be a cruel hoax if the statute designed to protect family farms is interpreted in such a way that it results in the Internal Revenue Service confiscating farms from innocent families for retroactive taxes. It is my hope this bill can be enacted swiftly so that these farm families can put this matter behind them and get on with their lives," said Kassebaum.

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