

News from Senator

BOB DOLE



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DOLE, GRASSLEY, GRANDY: TO DISCUSS "PIK AND ROLL"
TAX INEQUITY WITH LYNG AND BAKER

WASHINGTON -- In an effort to avoid a double tax on farmers who use the "PIK-and-Roll" procedure, Senators Bob Dole (R-Kan), Chuck Grassley (R-Iowa) and Congressman Fred Grandy (R-Iowa) stated their intention to discuss the issue personally with Secretary of the Treasury James Baker and Secretary of Agriculture Dick Lyng.

Following letters to both Lyng and Baker earlier this week, the legislators again expressed their concern that farmers not "be hit with a double tax whammy in one year as a result of misguided government regulations that treat the PIK-and-Roll procedure as a sale of grain." PIK-and-Roll allows farmers to use commodity certificates to pay off CCC loans giving them possession of their grain.

"This is extremely unfair to farmers since the IRS ruling was issued after most farmers had submitted their 1986 taxes. It also poses questions to farmers who want to use PIK and Roll this fall, but who do not want to be taxed twice -- once from selling last year's crop this year and again for using PIK and Roll to acquire this year's crop for sale next year," said Dole.

Senator Grassley added, "By calling the redemption of a loan a sale, the USDA has opened farmers to what is essentially double taxation."

"Thousands of farmers who utilized PIK-and-Roll will be surprised to find that while they thought they sold grain once last year -- in a bureaucratic snafu the IRS is saying they sold the same grain twice," said Grandy.

In writing Lyng and Baker, the legislators urged a review and explanation of the regulations and the development of recommendations which would "provide a positive solution for America's farmers."

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