

News from Senator

BOB DOLE



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DOLE, GRASSLEY, GRANDY FIGHT FARM TAX INEQUITY

Washington, D.C. -- Senators Bob Dole (R-KS) and Charles Grassley (R-Iowa) and Congressman Fred Grandy (R-Iowa) today introduced legislation to reverse an unjust IRS rule penalizing farmers who use commodity certificates (PIK) to redeem Commodity Credit Corporation (CCC) loans.

Their legislation is designed to end the "double taxation" resulting from the popular "PIK and Roll" procedure using PIK certificates to redeem CCC loans.

"We want to be sure that farmers aren't faced with a surprise tax bill as a result of using the PIK and Roll procedure. PIK and Roll has been a useful marketing tool and we need to prevent any unintended disruptions," Dole said.

"Under our bill," Grassley said, "farmers would only be taxed once, when redeeming their CCC loans, instead of twice, as occurs under the present regulation."

Grandy added, "our bill is aimed at breaking the bureaucratic snafu and simply overriding USDA and IRS papershuffling."

Two weeks ago, Dole, Grassley and Grandy, petitioned Treasury Secretary James Baker and Agriculture Secretary Richard Lyng to reexamine rules concerning the taxation of PIK certificates, and to report back to Congress.

They urged Baker and Lyng to examine and explain the IRS regulations regarding generic commodity certificates, and to develop suggestions which would provide a positive solution for America's farmers.

Senator David Karnes (R-Neb) and Congressman Hal Daub (R-Neb) also cosponsored the legislation.