Senate hits farm subsidies

Vote on payments to millionaires reflects shifting sentiment

BY MARY CLARE JALONICK
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WASHINGTON — Unable to agree on whether millionaires should be taxed more, Democrats and Republicans are in rare accord on one issue: Growers with million-dollar incomes shouldn't reap farm subsidies.

In an emphatic vote early Friday, 84 senators voted to discontinue certain farm subsidies for people who make more than a million dollars in adjusted gross income. The practical impact of the vote may be marginal — current limits are about $1.2 million at most — but it represents a sea change in how the heavily rural Senate views farm support. In recent years, many votes to limit subsidies have failed in the Senate.

"I do think sentiment has changed," says former Sen. Byron Dorgan of North Dakota, a Democrat who pushed for years to lower subsidy limits. "When they are under this much pressure to cut spending, they have to take an honest look at what's happening, and you can't justify direct payments under these circumstances."

Direct payments, the type of subsidy targeted in Friday's vote, have long been criticized because they are paid regardless of crop prices and yields, unlike other more insurancelike programs that kick in when prices drop or crops are damaged.

As lawmakers prepare for a new five-year farm bill in 2012, leaders of the House and Senate agriculture committees are looking at getting rid of direct payments altogether, shifting some of the aid to insurance programs that cover falling prices and revenue drops.

Republicans and Democrats on the agriculture panels have already jointly proposed cutting $23 billion from farm programs over 10 years — almost half of the $50 billion that direct payments cost over that period. They sent the idea to the budget-cutting supercommittee, hoping to head off even greater cuts in next year's farm bill.

The ag leaders have promised more details by the end of October on how they will achieve that number, but eliminating direct payments completely is a leading scenario.

The amendment voted on Friday, offered by Republican Sen. Tom Coburn of Oklahoma to a spending bill that includes Agriculture Department programs, would further reduce in-

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come-qualification limits set in the last farm bill more than three years ago. Under the most recent limits, some individuals making more than $1.2 million in adjusted gross income can still qualify for the direct subsidies.

Just how many farmers with $1 million-plus incomes get the subsidies is unclear. Coburn said 2,705 people with incomes exceeding $2.5 million were getting them at one time. That was back in 2006, before the last farm bill imposed stricter income limits.

Senate Agriculture Committee Chairwoman Debbie Stabenow, D-Mich., and the top Republican on the committee, Pat Roberts of Kansas, pleaded with senators to reject Coburn's amendment while they work out the details of their proposal to the supercommittee.

But only 15 senators obliged — most of them either on the Agriculture Committee or from the South or Midwest, where cotton, rice and wheat farmers rely on the direct payments.

The vote was similar to one earlier this year to repeal a tax subsidy for corn-based ethanol that until recently had enjoyed popular support in Congress. But those who have long lobbied to reduce farm subsidies say they will wait to see the final outcome before they will celebrate change.