Congressional Agriculture Committee Testimony of Dennis Richters
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Nebraska City, Nebraska

My name is Dennis Richters. My son, Jason, and I farm about 2,100 acres of dryland and irrigated land in Seward County. We are located about 30 miles west of Lincoln, Nebraska, and rotate corn and soybeans, using no-till methods primarily, and raise some seed corn under contract.

I do happen to be on the Nebraska State Farm Service Agency Committee, which possibly gives me some insights to the present farm bill, but my testimony represents my views as a farm operator – not as a state committeeman.

I have read and heard comments deriding the present farm bill as an "abject failure". Though improvements need to be made, it seems to be a bit harsh to condemn a system with so many benefits to our nation. A positive balance of ag trade surplus, improved conservation, and the most abundant, and therefore the cheapest, food supply in the world does not represent failure. Perhaps we are not unhappy with our destination, or where we've arrived, as much as we are frustrated with the convoluted road to get here.

I understand there is a cost to bear by all taxpayers, farmers included, to fund the programs. The advantage of being independent of other nations for our food supply is necessary, while the risk of a foreign Cartel having the ability to shut off our food supply is an unacceptable risk. It is true that a large portion of farm program money goes directly into land costs, but I don't believe that is necessarily a problem. Farmers, as any businessmen would, put all incomes and expenses into their cash flows. The value farmers put into bidding for land is the final arbiter on whether he will survive as a farmer. The farm program payments do not, nor should they, guarantee success. Farming may be one of the last competitive businesses in America. Even with the present farm bill, there have been sufficient economic pressures to "weed out" the inefficient at a fairly severe rate.

I assume there will be evolutionary changes in the present farm bill. I assume there will be more severe budget constraints in the next farm bill. If so, it would be prudent to implement lower payments gradually. The new generation of farmers is very impressive. Economics and free enterprise should decide on who survives, but sudden or extreme changes could eliminate a large portion of the present farmers. I doubt that by replacing this new generation of farmers you will improve production or lower food costs. Also, squeezing capital out of land values too quickly could create havoc with farm lending institutions and the rural communities and the schools dependent on property tax from agriculture.

Payment limitations is an area in the present farm bill that probably needs more scrutiny. Selective listing of certain recipients of farm program dollars and the amounts they receive can be misleading, but the result is a black eye to the farm program. The farm program cannot be perceived to favor or promote any special area of agriculture – large or small. Effective smaller payment limits may be needed.

A possibility for a revolutionary change to farm programs would be to use Crop Revenue Coverage as a template for a new farm program. Research would be needed to see if it could help address WTO concerns and what the cost may be to indemnify insurance companies and at what level the premiums could be subsidized. The possibility for simplicity by eliminating, in my estimation, at least half the costs of people and offices for program delivery could be surprising. One caveat exists thought. We farmers would need to accept the responsibility for establishing our yields and paying our share of the premiums. Anyone choosing not to participate would need to state his/her choice in writing with the understanding that they would not be bailed out by taxpayers in the event of a disaster.

Two items that probably do not fall under the auspices of this committee need to be mentioned. These are taxes and energy. The 1031 exchange program, as it is known in the country, has a large impact on land prices in certain areas. In our area it has probably raised the price of land and, therefore, the taxes by 40% over its economic ability to pay for itself. It is now nearly impossible for the next generation of farmers to own any of the land they farm. Personally, I would have no problem maintaining estate taxes as they are if there could be some adjustment to the 1031 situation.

Energy could be the most important issue to the entire populace, including agriculture. We import 60% of our oil needs, which costs us $250 billion per year. Ethanol provides less than 3% of our gasoline used. With the advent of biodiesel, ethanol, and improvements in technology, and the risk strategically, I am at a loss why we don't make a commitment nationally to have renewable fuels replace 30% of our usage by 2030. That could save our nation $125 billion per year and keep some of that money out of the hands of those who want to destroy us.