6. DEVELOPMENT BONDS

Background

Family Farm and Agribusiness Development programs in numerous states across the nation provide lower--cost loans for the purpose of purchasing agricultural land and equipment and the construction of farm buildings and agribusiness facilities. Utilizing private capital invested in Industrial Development Bonds (IDBs), the programs serve a very vital role in maintaining family-type ownership of our nation's farms and the development of agribusiness facilities which serve our nation's farmers. The current Tax law proposals which have developed from HR 3838 (Tax Reform Act of 1986) include provisions which could effectively eliminate the use of IDBs for agricultural purposes. IDBs provide an incentive to attract private capital for needed agricultural capital investments. The loss in revenue to the Federal government from agricultural IDBs ($5-$6 million annually) is very minimal when benefits to agriculture and the economy are considered.

Recommendation

The Southern Legislative Conference urges Congress to amend the Tax Reform Act of 1986 to allow for the continued use of IDBs for agricultural purposes.

Adopted by The Southern Legislative Conference on July 16, 1986.

SO-86-PP7