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Economic Research Service

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Federal Estate Taxes Affecting Fewer Farmers but the Future Is Uncertain

The Federal estate tax affects relatively few estates and accounts for only a small share of total Federal tax receipts.

Though special provisions have been enacted to limit the impact of the tax on farmers and small business owners, these groups are still more likely than the general public to owe Federal estate taxes. A larger share of farm estates could be subject to estate taxes if legislation enacted in 2001 is allowed to expire at the end of 2010.

Food Policy: Check the List of Ingredients

Policies designed to improve the diet quality and health of Americans may sometimes hit their target through an indirect means—those who make the foods that people eat. In their competition for health-conscious consumers, food manufacturers may respond to policies targeted directly at consumers such as nutrition information and education programs. When policy influences the use of common ingredients in processed foods, such as trans fats, it can affect diet quality for many consumers, including those who do not know or do not care about the healthfulness of processed food ingredients. Reformulating products to use healthier ingredients can also bring about changes in food production extending all the way to the farm.

How Tightly Has China Embraced Market Reforms in Agriculture?

Market-based reforms helped lift Chinese agriculture out of decades of poverty and stagnation, but vestiges of the planned economy remain. China's policymakers are experimenting with incremental reforms and market intervention as they encounter agricultural problems. Pressure from global markets could push China to go further with reforms or to retreat from global markets.

A Weakening Global Economy Interrupts Agricultural Trade

The financial sector turbulence originating in the United States has had a ripple effect worldwide, curbing economic growth in nearly every country. Slower growth and weaker currencies in emerging markets have reduced U.S. competitiveness and agricultural exports in the short term. At the same time, reduced consumer spending domestically is dampening U.S. import growth. Despite the current downturn, world food demand remains stable, and demand for U.S. exports is expected to recover as developing-country growth resumes in the longer term.



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Beginning Farmers and Ranchers

www.ers.usda.gov/Publications/EIB53/

USDA defines beginning farmers and ranchers as those who have operated a farm or ranch for 10 years or less either as a sole operator or with others who have operated a farm or ranch for 10 years or less. Beginning farmers tend to be younger than established farmers and to operate smaller farms or ranches. Beginning farmers can face obstacles getting started, including high startup costs and limited availability of land. USDA—through the Farm Service Agency and the Natural Resources Conservation Service—provides loans and conservation assistance to

beginning farmers and ranchers. The *Beginning Farmers and Ranchers* report draws on data from annual surveys and the Census of Agriculture to provide policymakers with a better understanding of beginning farmers and ranchers, including how they contribute to U.S. agricultural production.

Tax Policies and Farm Households

www.ers.usda.gov/Publications/EIB54/

Significant changes in Federal individual income and estate tax policies have occurred over the last 10 years. The analysis presented in *Federal Tax Policies and Farm Households* suggests that changes in Federal tax provisions affecting both individual and business income taxes have reduced average tax rates for all farm households, resulting in the lowest tax burden on farm income and investment in a decade. An analysis of the changes to Federal estate tax policies suggests that increases in the value of property that can be transferred to the next generation free of the estate tax, combined with special provisions for farmers and other small businesses, have greatly reduced the number of farm estates subject to the tax and the amount owed. While nearly 10 percent of commercial farm estates could owe tax in 2009, only 1 to 2 percent of all farm estates are estimated to be subject to the Federal estate tax this year.



Photo by: Eyewire

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