



## Bonus Subsidy 2006

# \$1.5 Billion Bonus Subsidy In Emergency Spending Bill Is Unfair, Wasteful Response To Agriculture's Increased Energy Costs

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A new Environmental Working Group analysis identifies and posts online more than 1.2 million prospective recipients of a proposed \$1.5 billion crop subsidy bonus contained in HR 4939, The Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery of 2006. The Senate is expected to act on the spending bill this week.

The analysis finds that the subsidy bonus, while well-intentioned as a means of helping farmers with high energy costs in 2005, is both unfair and wasteful, particularly since taxpayers provided a record \$23 billion in farm subsidies in 2005, and U.S. net farm income last year was the second highest in history.

Like virtually all subsidies, the \$1.5 billion bonus goes exclusively to a minority of farmers who grow a few subsidized crops - corn, wheat, rice and cotton and soybeans will account for most of the spending. Meanwhile, the two-thirds of the nation's farms that produce unsubsidized crops such as fruits and vegetables will receive none of the \$1.5 billion bonus. California, the number one agricultural state in terms of production value, ranks 12th in bonus subsidy payments for "energy assistance", and Florida, the number two state in the nation in fruit and vegetable production, ranks 36th in bonus cash.

For the farmers lucky enough to get bonus money, the distribution of funds is strikingly unfair. The top 1 percent of bonus recipients will average \$21,000, the average bonus for the bottom 80 percent of recipients will be \$369, about 57 times less. Forty-seven (47) large farms will collect more than 100,000 (excluding one State agency, the Bureau of Indian Affairs, and five Indian Tribes), while more than 300,000 recipients will receive less than \$100.

The bonus money is in addition to \$5.2 billion these same farmers received in automatic subsidy payments in 2005. While cloaked as energy assistance, bonus recipients are not required to demonstrate any need, nor has the congress or USDA provided any evidence that the farmers receiving the money are those hardest hit by recent increases in energy prices.

**EWG's analysis found:**

- A total of 1,120,525 recipients will be eligible for the subsidy bonus, which will cost \$1.56 billion.
- Just ten percent of the subsidy bonus recipients will collect nearly 60 percent of the money.
- The top 1 percent of subsidy bonus recipients will collect 15 percent of the payments, totaling \$238 million, or over \$21,000 each on average. Some 54 large crop operations will receive more than \$100,000, and 476 recipients will collect over \$50,000.
- The bottom 80 percent of recipients (896,420 of them) will receive a total of \$331 million, or about \$369 each on average.
- USDA records indicate that at least 10 percent of the subsidy bonus will go to recipients who own land but do not farm it themselves. These landowners, including absentee owners, have not incurred increased energy costs-the farm operators who rent their land have.
- The top five states for the subsidy bonus are Iowa, Illinois, Texas, Nebraska and Kansas, which together will receive 40 percent of the money. California, the number one state one farm state in terms of production value, will rank 12th in subsidy bonus payments, and Florida, ranked ninth for value of farm production, will rank 36th in subsidy bonus payments.
- Corn producers will account for the biggest share of bonus subsidies, with \$626 million (795,673 recipients). Wheat will follow, with \$338 million (673,463 recipients), and upland cotton will account for \$181 million (123,690 recipients).

**TOP 10 RECIPIENTS OF THE BONUS SUBSIDY\***

<b>Rank</b>	<b>Recipient*</b>	<b>Location</b>	<b>Fixed Direct Subsidy, PY 2005</b>	<b>Estimated Bonus Subsidy, 2006</b>
1	Balmoral Farming Partnership	Newellton, LA 71357	\$670,276	\$201,083
2	Benwood Farms	Earle, AR 72331	\$660,643	\$198,193
3	Dublin Farms	Corcoran, CA 93212	\$643,948	\$193,184
4	Century Farms	Pingree, ID 83262	\$583,265	\$174,980
5	Live Oaks Planting Company	Schlater, MS 38952	\$538,157	\$161,447
6	Due West	Glendora, MS 38928	\$526,713	\$158,014
7	Phillips Farms	Holly Bluff, MS 39088	\$495,487	\$148,646
8	Condrey Farms	Lake Providence, LA 71254	\$477,772	\$143,332
9	The Hendersons Liberty Farms	Devers, TX 77538	\$476,792	\$143,038
10	Morgan Farms	Cleveland, MS 38732	\$447,848	\$134,354