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January 14, 2010

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The Stouffer Report: Working to Reject a Tax Increase

There is rarely a good time for a tax increase, but some times are even worse than others. This is why I have introduced [Senate Concurrent Resolution 35](#) in the Missouri Senate, in an attempt to undo a bad decision that would be imposed upon many rural Missouri landowners.

In December, the [Missouri State Tax Commission](#) increased land valuations on productive cropland by up to 29 percent. Their decision was based on calculated land use formulas from the University of Missouri derived from 15 years of farm net income. The last increase came in 1997. Back then, a bag of seed corn cost \$75. Today, that same bag costs \$300. What has changed in 13 years? Technology. This is the real reason for the rise in farm income, rather than an increase in the productivity of land.

The Tax Commission's decision comes as the markets are volatile. We had two "high dollar" years, in 2008 and 2004. This has skewed the average farm income. The projected 2009 farm income is 35 percent below the net income from 2008. There is also a cycle for land prices, which peaked in 2008. To me, basing the increase on "skewed" years is not realistic and does not reflect what is happening in agriculture.

The Missouri Legislature has the option to reject the Tax Commission's recommendations, and can do so within 60 days.

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Each county has its own method of measuring the productivity of cropland. To me, the most appropriate way to measure productivity is to use soil surveys and look at the soil's potential. However, not every county uses this method. No matter how we measure it, the productivity does not change; it is the technology we use to grow better crops and save the land that changes.



I would also like to point out the Tax Commission is trying to do its job. I merely disagree with the timing of a 29 percent tax increase on any Missourian, not just landowners. The economy still has a long way to go before it turns around. I think other sources of information should have more weight when determining land valuations and cropland productivity. There is too much emphasis on net farm income, and these types of decisions should be done in the middle of a land-price cycle, not at its peak.

I believe the Legislature will do the right thing and approve Senate Concurrent Resolution 35. We still have a month or so in which to reject the Missouri Tax Commission's decision and help ensure low taxes for rural landowners throughout the state.

Senator Stouffer serves the counties of Carroll, Chariton, Cooper, Howard, Lafayette, Macon, Ray, Saline, and a part of Clay.

If you have questions or comments about this or any other issue, please call toll free (866) 768-3987 or by e-mail at bstouffer@senate.mo.gov.

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