

# United States Senate

WASHINGTON, DC 20510

March 8, 2006

The Honorable Judd Gregg, Chairman  
The Honorable Kent Conrad, Ranking Member  
Committee on Budget  
United States Senate  
Washington, DC 20510

Dear Chairman Gregg and Ranking Member Conrad:

We are writing to urge you to oppose the Administration's budget proposals for our nation's dairy producers. While the Administration has targeted agriculture programs for much greater cuts than many other government expenditures, hardworking dairy farmers are targeted for even deeper cuts.

The President's budget targets dairy farmers' income in three ways: by reducing the value of the price support program; cutting Milk Income Loss Contract (MILC) payments by 5 percent; and taxing every dairy farmer in America 3 cents per cwt. on all of their production. There is no fair or justifiable reason to single out dairy farmers for such drastic programmatic cuts and tax increases.

Though the Administration claims these cuts and tax increases are needed to recover the cost of dairy programs, the MILC program and the dairy price support program cost the government little or nothing to operate in 2005. These proposals amount to unfair taxation, not cost recovery for dairy programs.

Furthermore the President's plan to impose a new tax on every dairy producer in this country is not only at odds with the Administration's efforts to extend and expand earlier tax cuts, but it comes at a time when dairy producers are already burdened by high fuel and utility costs, and declining prices. Budgeting for additional tax cuts for some while raising taxes on hard-working family dairy farmers is doubly inexcusable.

We strongly urge you to reject the Administration's proposed budget cuts and tax increases on America's dairy farmers.

Sincerely,

Handwritten signatures in blue ink: Patrick Leahy, Allen Saxe, and Herb Kohl.

Norm Colonna

Paul Sarlance

Norm Fingstad

Robert U. Nicholas

Jim Jeffords

Jack Reed

Mark Dayton

Lynn Cheney

Chuck Schumer

Paul Lee

Tom Harkin

Joe Biden

Hillary Rodham Clinton

Robert Menendez