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The president and Congress are working to avoid a combination of tax increases through expiration of the Bush-era tax cuts and \$109 billion in spending cuts set to automatically kick in Jan. 2. As Republican and Democratic leaders squabble in Washington, D.C., a dramatic change to the federal estate tax looms that could cost area farmers millions of dollars, and possibly force some families to sell land that was meant to be passed to future generations to pay Uncle Sam.

Given the meteoric rise in land prices in recent years, local lawmakers say the stakes are high.

"It is a significant concern. I understand why people in Iowa, including farmers, are concerned about it," said Rep. Bruce Braley of Waterloo during a conference call with Iowa reporters on Wednesday.

Commonly referred to as the "death tax," the current rate is 35 percent on the value of an estate above \$5.12 million. On Jan. 1, the tax rate is set to jump to 55 percent and only \$1 million would be exempt.

Farmers are especially concerned since land prices statewide have soared 64 percent in the last three years — 29.1 percent this year in Northeast Iowa — according to Iowa State University Extension and Outreach's annual farmland value survey released Tuesday. The average price of farmland in Iowa is estimated at \$8,269 per acre.

The latest U.S. Census of Agriculture said there are 92,300 farms in Iowa averaging 333 acres. Data indicate the average farm statewide is worth nearly \$2.8 million.

High-quality ground, though, often sells for nearly double the state average. And about one-quarter of the farms in Iowa exceed 500 acres, census data show. Some

land is often rented.

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Most of my land is average, (but) we would even pay some estate tax at \$5 million, Grassley said Tuesday during a conference call with Midwest ag reporters.

Iowa's senior senator would like Congress to repeal the death tax, or at least make it more farm-friendly. Land is often a farmer's most expensive asset and a big chunk of his or her retirement.

"That value often reflects a lifetime of work and continual reinvestment of proceeds in the farming operation. If the estate tax is allowed to revert back ... the average Iowa farmers would have to be worried," Grassley said.

The veteran lawmaker said any fiscal cliff agreement likely will include the extension of expiring tax provisions, including the estate tax. He's hopeful, but not overconfident, a deal will be reached.

If the death tax reverts back to pre-2001 levels, Grassley said, nearly half of Iowa's farms are at risk.

"I would rather see the extra money stay with the family farm than going to Washington and allow the next generation to farm," he added.

Grassley said lawyers are getting flooded with calls from clients in their 80s worried about the future.

"We're hearing that you have to take the uncertainty out of it so people can plan their estates," Grassley said.

That goes for farmers in the 50s, as well. Pam and Dave Bolin of rural Clarksville are in the preliminary stages of estate planning. Their son, Dan, and his wife, Lynn, joined the dairy operation last year and will eventually take over.

Dave wrote letters to Grassley, Braley and Sen. Tom Harkin, expressing the family's

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It's traumatic enough to lose a dad or mom, and then have to sell part of the farm to pay taxes doesn't seem like a very friendly policy for those who grow the food for the county," he continued.

Braley supports legislation for an exemption limit between \$3.5 million to \$5 million for individuals and \$7 million for families, with a tax rate "significantly less" than 55 percent.

While campaigning earlier this year, Braley said Northeast Iowans repeatedly asked for predictability when referring to the estate tax.

"People want Congress to act; to deal with these tax extender provisions to provide clarity on what tax rates will be," he said. "The practical reality is if it doesn't get done by the end of the year, there are opportunities to make the necessary changes during the next Congress and make them retroactive."

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