

# Inheritance tax law criticized

**YORK** — County farmers are waiting anxiously as the government eyes an inheritance tax bill that would raise the family farm tax exemption from \$60,000 to \$200,000. Although President Ford had long stated his opposition to such a measure, he recently acquiesced to a \$150,000 figure.

A discussion of the issue at a recent board meeting for the York County Farmers' Association focused on the real threat the present taxes are to the survival of the family farm. President Wayne Beshore, New Cumberland, asserts, "Because farmers have a vested interest in maintaining their farm

businesses in their families, they are in the vanguard promoting the proposed legislation. But in so doing, they are really supporting the interests of all small businessmen."

Dairyman Roger Perry, Indian Rock Dam Road, pointed out that in 1942 when the law was written, land was valued at \$200 or less per acre. On the average, a 100 acre farm valued at \$20,000 then would have passed "virtually free of taxes to an heir with the \$60,000 exemption.

"However, today with land values at about \$1,000 per acre, that same farm would be valued at \$100,000; and heirs of the property in many

cases are being forced to sell the farms to pay the estate tax," he stated.

Pushing a pencil on the figures, Perry notes, "In all fairness, there should have been an escalation clause to make and keep the rate of taxation in line with the original law."

Had that clause been included in the 1942 legislation, the present exemption would be about \$300,000, a figure equaling three times the value of the property. But even under current conditions, an exemption of over \$175,000 would be necessary just to equal the 1942 purchasing power of \$60,000.

Because of an effective estate plan, Charles Rauhauser now owns his parents' dairy farm without too much of a tax burden. But most of his success in maintaining the farm without great expense lies in the fact that it had been willed to his mother by her parents. When his father died, his mother worked out an agreement for him to buy.

Had his father owned the Dover property before his death, the circumstances would have been quite different. That situation would have resulted in the popularly termed "Widow's Tax" on the half of the property not exempt from taxes Rauhauser's mother would have inherited.

While current law provides that the marital deduction shall not exceed 50 per cent of the value of the adjusted gross estate, section 3 of the proposed bill would increase the marital deduction to \$100,000 plus 50 per cent of the value of the estate.

"If indeed the government views the family farm as an important and vital component of the American economic system," Rauhauser contends, "Washington D.C. legislators should safeguard its existence instead of taxing them out of business."

In describing the farming businessman, Paul McPherson, New Park, puts it

this way: "You have to consider the farmer as a small businessman whose sell out value has risen from several thousand dollars to several hundred thousand

dollars in land, machinery, livestock and crops. He has skimmed and saved all his life with little more to show for his efforts than an occasional new pick-up truck."

## Washington parley

(Continued from Page 1)

Motel at 7:00 and 7:20 a.m., respectively. The trip is open to cooperative members, including wives. Lunch will be provided. John Barley, Millersville, and Charles Rohrer, Strasburg, are chairing the event in Lancaster County. Buses will be back in the County Tuesday evening, since local members are planning on being in the capital for just one day.

The bus trip from Lancaster County and central Pa. areas (Blair County) is sponsored by Inter-State and is therefore open to members only. Dairymen interested in going are asked to notify either John Barley (872-4058) or Charles Rohrer (687-6940).

Organizing the group of Inter-State dairymen are members of the Young Cooperator Consultant Committee, an active group of young cooperative members. Those attending the two-day symposium at the International Inn in Washington will hear

authorities such as Orville Freeman, former U.S. Secretary of Agriculture; Senator Herbert Talmadge, chairman of the Senate Committee on Agriculture; Congressman Robert Kastenmeier, member of the House Committee on the Judiciary; Herbert L. Forest, director of the Dairy Division of the U.S. Department of Agriculture, and others. Highlighting the symposium will be a panel on Wednesday consisting of James E. Honan, secretary and general manager of Inter-State Milk Producers' Cooperative. Glenn Wagner, legal counsel for Milk, Inc., and Glenn Lake, president of National Milk Producers Federation.

The symposium is sponsored by the National Milk Producers' Federation and its member cooperatives.

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