

Tax bill may represent savings for poultrymen

WASHINGTON, D.D.—In spite of the temptation for Congress to offer sweeping tax cuts the Administration has taken the position that such a move should not be considered at this time, as it would only serve to fuel inflation. A bill has been worked up, however, by Congressmen Jones (D-Oklahoma) and Conable (R-New York) that would include a tax cut for businesses, including farming businesses, as a means of fighting inflation.

The principle of the bill is simple; if production of

goods and services is stimulated by encouraging capital investment, inflationary pressure could be eased. Although no one would contend that egg production needs to be stimulated at this time, increased capital investment in other segments of the economy would be beneficial to the public as a whole, not to mention the opportunities that would be presented for diversified investments by persons in the egg industry.

The Jones-Conable bill (HR 4646) seeks to accomplish this by allowing

businesses to write off the cost of assets at a faster rate than is currently allowed. The bill would also simplify the IRS' asset depreciation range ("ADR") system, narrowing the present 130 classes of assets to just 3 classes, which would cover all depreciable business property.

For example, the bill would allow barns and other farm buildings to be written off over a ten-year period, and farm machinery, equipment, grain bins and fences, five years. Under present IRS rules for ADR

depreciation the minimum periods are 20 and 8 years, respectively, although most farmers don't use the complex and rigid ADR system.

Another feature of the bill is its treatment of the investment tax credit. While the types of property eligible would remain the same, the Jones-Conable bill would increase the amount of credit for some of that property. The full 10% credit would apply to property depreciated over five or more years (currently it is seven or more) and would increase the credit for

property depreciated over three to five years from 3.3% to 6%. Another important provision of the bill is the elimination of salvage value, which would allow farmers to depreciate property down to zero.

The bill is called the "Cost Recovery Act of 1979", and has gained at least 140 co-sponsors in the House. The provisions of the bill could benefit the egg industry and the American economy if it is passed.

A NOTE ON INVESTMENT TAX

CREDIT—The Revenue Act of 1978 amended the Tax Code by making single-purpose agricultural structures, including poultry and egg production facilities, eligible for the investment tax credit. Prior to this change, considerable confusion had resulted as the IRS sought to deny the credit on such structures. The IRS is now formally taking the position, in private letter rulings, that egg producing facilities are eligible for the investment tax credit. The credit applies to structures placed in service after August 15, 1971.

External parasite survey and study to be done

UNIVERSITY PARK — Dairy and beef producers in 18 Pennsylvania counties are being asked to take part in a survey to determine current pesticide use patterns against various pests, it was

announced today by Dr. Lowell L. Wilson, professor of animal science at Penn State.

The following is a list of the eighteen counties which will be asked to cooperate in

the beef and dairy pesticide-cattle-parasite study: Mercer, Tioga, Susquehanna, Indiana, Centre, Schuylkill, Crawford, Bradford, Butler, Somerset, Washington, Franklin, York, Berks, Lancaster, Wayne, Mifflin, Northampton.

The following counties will participate in the beef pesticide study: Erie, Warren, Lycoming, Lawrence, Dauphin, Northumberland, Lehigh, Greene, Westmoreland, Adams, Chester.

Other counties may be added at a later date

Some of the major factors to be evaluated will be pesticides and formulations used; frequency and rates of application; method of application; and cost of materials and treatments. Primary pests are flies, lice, mange, ticks, and grubs.

The survey, conducted by The Pennsylvania State University's College of Agriculture, is designed to determine the economic impact on the dairy and beef industry if particular pesticides were removed from the market, Wilson points out.

Current pesticide use and management patterns by beef and dairy producers will be determined, along with an evaluation of the effectiveness of these insecticides and practices in achieving satisfactory control.

"The Environmental Protection Agency is considering the removal of restrictions of certain pesticides," Wilson emphasizes. "Hearings on the effectiveness of such insecticides as dimethoate, lindane, toxaphene, carbaryl, ronnel, and trichlorofon will be scheduled in the future. The survey will assist EPA in making decisions on which chemicals may be eliminated."

With registered alternatives to these com-

pounds, the cost-benefit ratio associated with the loss of these compounds must be assessed. No previous estimates of the frequency and type of insecticide use on beef and dairy cattle in Pennsylvania have been determined. This information will assist EPA with their evaluations of various insecticides.

"Nationally, beef and dairy producers lose approximately 2.5 billion dollars annually from insects such as ticks, lice, and flies," he points out. "It is important to the economy to keep these losses to a minimum."

Both the Pennsylvania Dairyman's Association and Pennsylvania Cattlemen's Association have endorsed the survey, and encourage producers to reply to the survey.

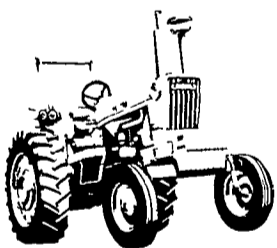
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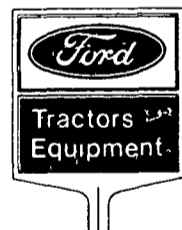
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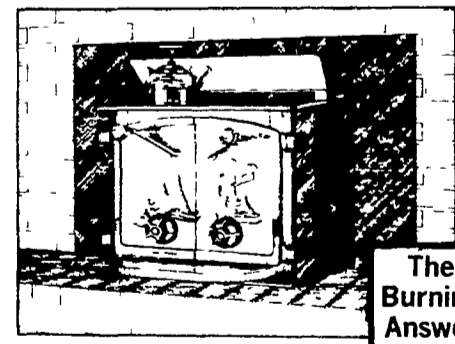
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