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Delegates to the 1980 Pennsylvania Farmers Union Convention this week pondered questions of milk security and land use planning. Four new counties, Dauphin, Westmoreland, Wyoming-Sullivan, and Crawford-Venango were granted charters.

Legislative roundup

Wenger pushes stock tax exemption

BY DICK WANNER
HARRISBURG — Pennsylvania's capital stock franchise tax is discouraging family farmers who might benefit by incorporating their farms, according to Noah Wenger.

Wenger himself a Lancaster County farmer, is vice chairman of the Pennsylvania House of Representatives agriculture committee and the prime sponsor of a House bill which would exempt closely-held family farm corporations from the tax.

The bill, House Bill 1608, has been lodged in the House

Appropriations Committee since Nov. 27, but Wenger said Thursday he hopes it will get out of the committee soon, and onto the floor of the House for debate and voting.

In its initial form, Wenger said, the bill had met with the approval of the state Department of Agriculture, but the Department of Revenue resisted the measure because it would reduce the amount of money coming into the state treasury.

Wenger said, though, that revenue officials were insistent on closing potential

loopholes that would have allowed horse racing farms to qualify for the exemption.

Other farms which would not be exempt under the proposed legislation would be fish, fur, and game operations.

How many farms would a repeal of the tax affect?

"Right now, except in very rare instances, we tell our clients to just forget about incorporating," said Richard Dennison, manager of Pennsylvania Farmers Association Farm Management Business Analysis Service. "The tax is

a major stumbling block to incorporation, and it closes off one viable avenue to family farm preservation."

The stock tax is levied annually on the value of the total assets of a corporation, whether those assets are owned outright or mortgaged. Only two other states have a similar tax, Dennison noted.

In Pennsylvania, affected farmers are out from \$2500 to \$7500 a year, and sometimes more.

Of FMBAS's 4000 farmers clients, Dennison said, only a few would profit from incorporation, probably around five percent. But as the economy continues to grow, and as federal taxes continue to take bigger bites out of smaller dollars, the pressure to incorporate should get stronger in the years ahead, he believes.

According to the Department of Revenue, exempting closely held family farm corporations from stock tax would cost the treasury \$600,000 to \$700,000 a year.

"But that is a minimal tax loss," Dennison pointed out, "when you compare the value of farm production that we could be protecting if the tax were removed."

pigs within 48 hours. Dairy men, he said, are the only ones with drawn-out payment problems.

A proposal for prompt payment was dismissed by a spokesman for the six Pennsylvania dairy co-ops. He said the co-ops did not even want to talk about it, they wanted to discuss their plan.

But John York, vice president of Lehigh Valley Co-op, one of the six, indicated in a separate interview at about the same time that he thought Lehigh would support such a proposal.

Representatives of all major farm organizations said they felt prompt payment was not feasible. All basically support the co-op proposal.

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At annual meeting

PFU adopts resolutions on dairy, land use

BY CURT HARLER
CAMP HILL — Delegates to Pennsylvania Farmers Union's Eighth Annual Convention adopted policy favoring a land preservation plan similar to that proposed in Lancaster by H.H. Haverstick.

They also approved a milk security fund proposal similar to that urged by dairy cooperatives and acted on several other farm-related issues.

About 200 delegates from across the state met in Camp Hill Monday and Tuesday.

While Haverstick's name

was deleted from the original land policy proposal, delegates voted to favor "elimination of capital gains tax, inheritance taxes, and real estate transfer taxes when deed restrictions limit the use of property for farming."

The statement was sponsored by the Lancaster County delegation.

Delegates said they supported a producers security fund to be established by contributions from dealers.

They said contributions should not exceed two cents per cwt. They asked the fund be built to the value of milk purchased by the largest dealer in his highest 60 day period.

They did ask co-ops be obliged to participate on

milk purchased from non-members.

They also said defaulting dealers should have licenses withdrawn and the licenses should continue to be withheld as long as the dealer is in default.

PFU recommended at least two farmers who derive 75 percent of their income from farming be appointed to serve on the state Game Commission.

They recommended a Pennsylvania Conservation Program with cost shares at a minimum of 90 percent on all practices mandated by the Soil Erosion and Sedimentation Act, EPA, or DER.

A proposal by Lancaster County to approve a graduated land tax was

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What's the beef on referendum?

LITITZ — Cattlemen had best sit up and take notice to the 1980 beef referendum that's just around the corner. It's time to put down the feed bucket and the pitch fork and pick up the paper. Time is running out to get the facts about the program known as the Beferendum.

Since last November, Lancaster Farming has been covering the cattlemen's program proposed to "take charge" of their industry. If you missed these articles, this week's issue will be featuring a special pros and cons section, showing both sides of the same story.

So, read the issues; and try to answer, in your own mind, what you feel should be done.

More facts and information can be obtained through the local Agricultural Stabilization and Conservation Service or by writing for a copy of the order to: Beef Research and Information Order,

Livestock, Poultry, Grain, and Seed Division, AMS, Room 2610-S, USDA, Washington, D.C.

Once you have the facts, take it one step further. Register to vote, whether you or nay, from next Monday to Wednesday, February 6. Registration must be done by contacting the local ASCS office in your county, either in person or by telephone.

If you don't register, you'll be left out in the cold during the voting period between Tuesday, February 19 and Friday, February 22.

Notice, you'll have eight days in which to register, but only three days to vote.

ASCS points out that the voting will be done by secret ballot; no signature is needed in the 1980 rules. If you owned cattle last year, you are eligible to vote, as long as the cattle were not solely for slaughter.

The Beferendum is an important issue. It's a government program, which doesn't automatically make it all bad; it's going to cost money, coming out of the producers bank roll; but, it will also promote beef and develop new markets through information and education, if handled correctly.

So, remember the three R's . . . read, register, and return your ballot to make your vote count in this controversial referendum. S.M.

Dairy security proposals awash in confusion

HARRISBURG — After struggling through six drafts of milk security fund proposals, legislators admit they are back to ground zero.

None of the drafts to date are acceptable to the lawmakers. And the struggle among members of various factions to have their proposals made law is not easing the job.

"We're farther away now than we were three years ago," a legislative aide to State Senator Patrick Stapleton said Thursday evening.

The frustration on all sides was evident after a week of intensive meetings between lawmakers and co-ops, dealers, farm organizations, and the Agriculture Department.

The talks only served to emphasize differences.

Legislators say the co-op proposal is unacceptable. It calls for dealers to pay the entire two cent per cwt load to establish a fund. Co-ops, even processing co-ops, would pay nothing.

The Secretary of Agriculture's penny per cwt plan does not seem to be the answer, either. Legislators don't have the sentiment to force large dealers to pay into a fund when they could obtain protection under a bond for much less.

If the co-ops stay out of the bonding agreement, and the big dealers obtain alternate credit, the fund, built by small dealers, may rise by only a few hundred thousand dollars a year, legislators said.

Representative Reno Thomas, a hog breeder, pointed out he gets paid for

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