

The new tax law, what's in it for farmers?

(First of three articles on how the new federal tax law affects agriculture)

NEWARK, Del. — The new tax law has something for everyone and farmers are no exception, says University of Delaware Extension farm management specialist Don Tilmon.

If you're a farmer, there are a number of changes you'll want to consider in managing this year's taxable income. These include the individual rate reduction, maximum tax rate on capital gains, and accelerated cost-recovery system.

Tax rates under the new law will be reduced by a cumulative total of 23 percent by 1984. One and a quarter percent of the cut comes in 1981. The reduction builds to 10 percent in 1982, 19 percent in 1983, and reaches the full 23 percent in 1984. Farmers who are able to defer income or advance expenses will be in a unique position to take advantage of this tax break, says Tilmon.

Taxpayers who have a large amount of capital gains—and this includes farmers who may have sold a herd, a timber stand, or even the whole farm—will get a real break if their sale came after June 9, 1981. The maximum long-term capital gains rate for sales after that date is 20 percent. This means there's no need to delay capital sales to take advantage of the individual tax rate reductions in 1982-84.

"Accelerated Cost Recovery" is

the new name for depreciation. But it's more than a name—it's a whole new system, says the economist. "Like it or not, it's the new method that must be used for recovering costs of machinery, equipment, and other formerly depreciable capital items." It applies to all such purchases placed in service any time after 1980.

"As far as 1981 purchases are concerned," he says, "depreciation is out, cost recovery is in."

Cost recovery has been billed as a simpler, speedier system for recovering the cost of capital purchases. "It would be easy to say that's not so. But the facts are, it's only partly correct," says Tilmon.

Farmers who want the largest possible deduction in 1981 could have received more under the old depreciation methods.

"Those who prefer to depreciate their property very conservatively will recover costs faster than they care to, unless they exercise a special election," he says.

And it isn't likely that many farmers will recognize the change as a simplification, since all depreciable property acquired prior to 1981 must continue to be depreciated. The remaining cost of these items can't be recovered as an ACRS deduction. Thus, farmers will have both methods to contend with until all machines, depreciable livestock, buildings, and the like have been replaced.

In a nutshell, the new system

groups property into four classes. Machinery, equipment, livestock, fences, silos, and single-purpose livestock or horticultural structures which qualify for investment credit all fall into a 5-year class. For years 1981-84, 15 percent of the cost of these items will be recovered in the first year they're placed in service. It doesn't matter whether they are purchased in January or December. Twenty-two percent of their costs will be recovered in their second year and 21 percent during each of the next three years.

The same kind of property purchased in 1985 has a different scale of cost-recovery percentages, explains the economist. In 1986 and after, a third scale of percentages applies. The other three classes of property—3 year, 10-year and 15-year property—each has its own three scales of recovery percentages.

Three-year property must include light trucks and the business share of your automobile. Ten-year property includes "residential, manufactured homes." Perhaps this will cover the trailer used to house hired help. Fifteen-year property includes toolsheds, tenant houses, barns, and other buildings which are not single-purpose agricultural or horticultural structures.

Taxpayers who are eager to recover capital costs at a rapid rate year after year will probably learn to like this new cost-recovery system. But the majority of farmer taxpayers would probably prefer the greater flexibility, relative simplicity and generally slower capital cost recovery of the depreciation methods ACRS replaces.



Heather Staubach crowns Joyce Markey, left, the new 1981-82 York County Apple Queen.

York crowns new apple queen

YORK — Joyce Markey, Indian Rock Dam Road, York, was crowned 1981-1982 York County Apple Queen during a meeting of the York County Fruit Growers' Association, October 9.

Markey was crowned by Heather Staubach, the current York County Apple Queen, who is also the reigning Pennsylvania State Apple Queen.

Miss Markey will represent the York County Fruit Growers' Association in civic meetings, mall promotions, and other gatherings. Her job is to promote York County apples and educate people about the apple industry.

Markey is the daughter of Ronald and Carolyn Markey of Ken-Mar Farms. She has worked

in the family orchard picking apples and in the family's fresh produce stand, selling apples, in Central and Eastern Markets.

Markey is employed by AAA's in the Emergency Road Service Department. She is a 1981 graduate of Dallastown High School where she was active in the speech team, Concert Choir, and musical productions. She participates in the York chorus. In addition, she is a member of the adult choir and director of the junior choir of Christ Lutheran Church in Spry.

Markey is available to speak to civic and other groups about all aspects of the apple industry. Any interested group may contact Deborah Barton, Apple Queen Committee chairman, at 993-2494.

Capon round-up set

HONESDALE — The Wayne County 4-H Capon Round-up will be held November 4, at the Pleasant Valley Grange in Dyberry.

Thirty-one 4-H capon members will be participating in this yearly event. Each of these 4-H members will be exhibiting two of their best dressed capons.

Herb Jordan, Extension poultry specialist at Penn State will serve as judge for the round-up.

Four-H members will bring their dressed capons to the Pleasant Valley Grange between 6:30 p.m. and 7:30 p.m. for judging. At 8:00

p.m., the capon round-up program will begin followed by presentation of awards. An auction of all 4-H capons will be conducted after the completion of the program.

A total of 2500 capons were raised as 4-H projects by the thirty-one 4-H capon members. These birds were put on feed in late May as day old chicks and have reached dressed weights of between eight and eleven pounds in about twenty weeks.

The public is invited to attend the round-up to see the results of the 4-H'ers work.

Lansdale to start 4-H club

LANSDALE — Boys and girls age 8-16 are invited to join the new 4-H Club in Lansdale which will meet at the Montgomery County 4-H Center, off Route 363, near Lansdale.

This fall four different projects will be offered: arts and crafts, foods and nutrition, pet care, and electronics. Arts and crafts will be taught by Karen Feldman and Michelle Wilsey and will meet once a month, beginning on Monday, November 9 from 4-5:30. It is open to boys and girls ages 8-11 years old. Participants are asked to bring a piece of poster board or oak tag to the first meeting.

Foods and nutrition will be taught by Nancy Adamek and Bridget Faulkner and it is open to boys and girls ages 8-12. The cost for materials used in this project will be \$5 per person, for the entire program. Foods will meet for seven Thursdays, beginning on Thursday, November 5 from 7:30-8:30 p.m. and ending on December 17.

Pet care, taught by Colleen Kinsky and Kelly Croissitte is open to all boys and girls 8-13 and will meet on the 2nd Tuesday of each month, beginning on November 10 from 7:30-9:00 p.m.

Electronics, magnets and motors, taught by Richard

Adamek, a local electrical engineer, is open to girls and boys ages 12-16. The program will feature hands-on learning in electric safety, electro-magnetics, electric motors and power generation, as well as a field trip to a local power generating station. The group will meet for four sessions, November 5, 12 (or 19th), December 3 and 17 and the field trip on December 19. The cost will be \$8 per person to cover the cost of materials needed.

In addition to individual project meetings, the entire club will meet once a month for special programs and a business meeting. The first "community" meeting will be on Thursday, December 3 at 7:30 p.m.

Parents are asked to attend the first "project" meeting and "community" meeting with their youngster and are encouraged to attend any of the other meetings as well, as additional assistance is always needed with projects. In addition, an organization leader is being sought to organize the club. You need not be experienced or want to teach a project, just like to be an organizer!!

Registration is necessary to join this 4-H Club and will be limited on a first call - first serve basis. To register or for more information call Helaine Brown, 4-H Agent, at 277-0574

We Specialize In Aerial Work Using Our Twin Bucket Boom Truck

Extends To 55 Ft

ELECTRICAL CONTRACTING

Specializing In **AGRICULTURAL WIRING**

Also Residential, Industrial And Commercial Work
Free Estimates

C. M. HIGH CO.
320 King St.
Myerstown, PA 17067
Phone: 717-866-7544

We Have Poles In Stock: 25', 30', 35' & 45'

FARMERS! . . .

Interested In Making Extra Income By Selling Your Neighbors Seed Corn, Alfalfa, Sorghum, Sunflower or Sudangrass?

Please Contact:
O'S GOLD SEED CO.

c/o Jack L. Crone
28 Mayfield Street
Dover, Pa. 17315
717-292-3406

★ Prime Territory Open ★

Yes, I'm interested In Dealership

Yes, I'm interested In Buying

Name _____

Address _____

Town _____ State _____ Zip _____

County _____ Phone _____

FABRIC OUTLET STORE OF TRAVIS MILLS

Further **DRASTICALLY REDUCING ALL PRICES** for **CLEARANCE**

TRAVIS MILLS FABRIC OUTLET STORE

201 W. Lincoln Ave.
Lititz, PA 17543

Cash Sales Only
Store Hours: Mon-Sat. 9 to 5, Thursday 9 to 8