Senator McGovern, in his address to our National Farmers Union Convention in March, declared that a little more than 10 percent of agricultural production in this country is now by corporations.

(With your permission I would like to insert as part of this record, a copy of that speech delivered by Sen. McGovern to our national convention, since many of the figures outlined by the Senator apply to the corporate farm problem you are investigating.)

Out of 3 million farm income tax returns in 1965, there were 680,000, or 22 percent, filed by people who deducted farm losses from non-farm income and still had income tax to pay on their non-farm income. That included 86 percent of all persons who paid on $1 million income or more, 85 percent of those who had $500,000 to $1,000,000 income, and 73 percent of those with $100,000 to $500,000 income.

Senator McGovern declared that thesse non-farmers are avoiding $200 to $400 million in federal income taxes by going into farming, claiming farm losses as an offset to other income, and later recapturing the income as a capital gain subject to a much lower tax rate.

So gentlemen, you are looking at a major tax loophole as well as a system of unfair competition which puts bona fide farmers out of farming, and closes down the stores, the churches, the schools and the rural communities which the family farmers have built and supported over the years.

I would like to call your attention to a few other statistics from the speech by Sen. McGovern—statistics from a Source Book on Statistics of Income soon to be published by the Internal Revenue Service.

There is a table included in this book which analyzes only the returns of the 17,578 corporations whose principal business is farming. This group has total assets of over $5 billion and has gross receipts in the 1964–65 fiscal year of $4.3 billion, which represented 10 percent of the total gross income of all farmers in the United States that year ($42.2 billion).

Of the 17,578 farm corporations, as of June 30, 1965, about 5,000 of them have assets under $50,000. Another 9,000 have assets between $50,000 and $250,000. Around 3,500 have assets between one quarter and a million dollars and there are 766 with assets over a million dollars. Thirty-four list assets over $5 million, 21 top $10 million, 7 have assets over $25 million, one lists its assets at $50 million, another at $152 million, and one great giant with assets of $293 million.

Let's take a closer look at this largest corporate farm operation. This one farming corporation had total gross receipts of $432 million. That was more than one percent of the total gross receipts of *all* the farmers in the United States in 1964. One hundred corporations like this one already in existence would equal the operations of all the three million remaining family farms.

And yet, despite this $432 million gross, this one big farm corporation paid only $970,000 of federal tax, listing a net income of only $3.1 million out of the $432 million gross. What's more, out of all of the 17,578 farm corporation tax returns, only 9,244 had taxable income, and that only amounted to $199 *million* of income subject to tax out of gross receipts of $4.3 *billion.* They ended up paying Uncle Sam as corporation income tax only about 1½ percent of the $4.3 billion they grossed.

Similarly, many individuals have offset high non-farm income by using farm investments as a tax haven. A study by National Farmers Union was published in the Sept. 15, 1967 issue of the Washington Newsletter and is based on a report of the Internal Revenue Service entitled "Statistics of Income, 1965."

The results of this study show:

Millionaires—Of the 119 engaged in farming, only 16 reported a profit on their income tax returns.

$500,000 to $1,000,000—Of the 202 in farming, 32 showed a net profit and 170 showed a loss.

$100,000 to $500,000—Of 3,914 involved in farming, 1,040 showed a profit and 2,874 reported a loss.

$50,000 to $100,000—Of 12,398 involved in farming, 4,974 showed a profit and 7,424 reported a loss.

$20,000 to $50,000—Of 69,132 involved in farming, 38,752 showed a profit and 30,380 reported a loss.