

The article says:

The government is aware of the favorable tax aspects of the farm as a second business. Because of that it will examine your farm operation with a gimlet eye. And if it determines that you are not trying to operate the farm for profit, it will disallow any losses.

Well, first of all, you want the farm to produce income, but there's an even bigger reason, and that's to be found in the heading of the article. We quote as follows:

Here are some key factors that will help you support your contention that you really operated the farm as a business: (1) No extensive social or recreational facilities. (2) Improvements installed and techniques adopted to reduce expenses. (3) Substantial receipts from farm sales with a record of decreasing losses.

I think that's an important point to make, "with a record of decreasing losses." They envision losses, a loss operation as being one of the advantages of buying this land.

Page 2, the title of the article is "How to Gross Tax-Sheltered Fortunes in Cattle." This is a repetition of the same advantaged portrayed, the same incentive, the same tax advantages of investing in cattle ranching property.

Our next exhibit consists of a photocopy of the testimony presented at a committee hearing during the 1967 session of the Nebraska Legislature in which a bill known as L.B. 670 was under discussion. Briefly, and not reading from the printed copy, Nebraska has an industrial development act, as most States do, which permits communities to issue revenue bonds to encourage the coming of industry in a particular locality. A certain city in Nebraska had conceived the idea of purchasing a part of the Hastings Naval Ammunition Depot at Hastings, Nebr., and turning at least a portion of that land into a corporate farming activity which would house a tremendous hog fattening project.

Well, the testimony in this particular bill is lengthy, and I'm just going to call your attention to a couple of key points made in this testimony; and you will find them on the last page.

Senator Carpenter of Nebraska, Scottsbluff, was chairing this committee, and you will find his comment on the third page of this testimony which is a photocopy of the Nebraska Legislative Proceedings. Senator Carpenter speaks to the point of what the Hastings community expected to gain for their community by turning this property—this Federal property into a huge commercial hog feeding operation. The point made by Mr. Hegstrom is that they wanted to get people—employees in the land to take the place of some 9,000 that had been dismissed because of the closing of the ammunition depot. Senator Carpenter refers to a big—giant operation of the Kern County Land Co.—I'm sure that name rings a bell for most people—that were feeding 45,000 head of cattle at Minatare near Scottsbluff. Senator Carpenter says "as a result of that they are destroying for all practical purposes markets that the farmers once had."

"Now, is that what you propose to do?" he asks. "Is this a possibility?" Mr. Hegstrom says, "It is a possibility."

I call your attention now to a couple of paragraphs at the bottom of that page.