

Act. This Act would allow farmers to incorporate, but would prohibit large, non-farm corporations from entering our state to farm. We are firmly convinced that this is the most desirable and acceptable legislation written in any state relative to farm incorporation. This new law encompasses the following limitations:

"Any corporation may own real estate and carry on farming or ranching operations, if such corporation meets the following standards:

1. The shareholders shall not exceed ten in number.
2. The corporation shall not have as a shareholder a person other than an estate, who is not a natural person.
3. The corporation shall not have more than one class of shares.
4. The corporation's income from rent, royalties, dividends, interest and annuities does not exceed twenty per cent of the corporation's gross receipts.

Notwithstanding any provisions of this Act, a corporation prohibited from owning shares may hold such shares as acquired by bequest or devise or as are acquired in the regular course of business in partial or full satisfaction of any mortgage, lien, or other incumbrance held or owned by such corporation on such shares, provided such shares are sold or otherwise transferred within ten years to a person qualified as a shareholder under this Act. Any corporation not meeting the specifications and standards set out in this Act may not engage in the business of farming or ranching or own lands suitable for farming or ranching, which are not reasonably necessary for the conduct of its business."

Those limitations provided in the North Dakota law have already been adopted by Congress in 1958 which provides any corporation meeting these requirements can elect to be federally taxed as a corporation or a partnership. This election is known most commonly as subchapter S of the Internal Revenue Code.

The limitations in the North Dakota Act will ensure the following:

1. No publicly held corporation would be allowed to engage in the business of farming or ranching.
2. No corporation, public or privately held, having eleven or more stockholders would be allowed to farm or ranch.
3. If any large corporation does acquire farmland through legal means, they have ten years to dispose of their holdings.
4. That farmers and their families will not be placed in an economic disadvantage by large corporate enterprises that would engage in agriculture.

We offer this Act to your committee in anticipation that this legislation might be recommended for adoption throughout the United States.

STATEMENT OF ELLWARD WOLFF, PRESIDENT, WISCONSIN POULTRY IMPROVEMENT ASSOCIATION

The Wisconsin Poultry Improvement Association is made up of poultry industry organizations and cooperatives in the state. We are therefore concerned with the welfare of all poultry farmers of Wisconsin. Recognizing the ease with which products are shipped between states and areas of the country, we are equally concerned about national trends in agriculture.

The acquisition of large tracts of land by non-agricultural interests indicates corporate movement into farming enterprises. While poultry operations generally require very little land, W.P.I.A. shares the concern of others regarding the effect of corporate ownership of large farms. The cost of getting started into farming has undoubtedly discouraged many young people from becoming farmers. This problem multiplies as all prices increase and as lower farm prices dictate the need for larger farm operations.

Trends through the years have led to fewer, but larger farms. This is a natural trend, as new methods and equipment enable one person to produce more with his labor. The American farmer, generally a small, independent businessman, has produced quality food at reasonable prices. The successful farmer knows that his income depends on the job he does. The employee of a large corporation often feels no responsibility to do more than the minimum expected of him—his wages vary little, if at all, with the quality of the product he produces. This is the situation corporate farming will and does face. In addition, corporate farms will undoubtedly lead to unionization of their farm labor, ultimately raising costs to consumers.

We feel that the initiative which accompanies ownership enables the independent farmer to compete with the largest corporation—in quality and economy.