

Resolved, That the Wisconsin Turkey Federation recommends the study of and the implementation of laws that would prohibit the use of farm production losses as deductions from non-farm production operations in tax calculations.

Approved by the Wisconsin Turkey Federation Board of Directors.

WILLIAM BAKER, *President*.

It is our feeling that we cannot prevent any individual or company from entering or expanding agricultural enterprises. However, we feel that the farming operations should stand on their own merits. Inability to use farming losses as tax deductions from profits or other business operations may not prevent over-expansion, but it will make diversified corporations take a closer look at their farming activities, since any losses would be actual losses—not tax hedges. As stated in the resolution, we feel that such revision of the tax laws would afford some protection to the individual farmer by removing the incentive to expand except when prices and markets indicate such expansion would result in a profit. This, we feel, would be a step in the right direction.

Delayed pricing on intra-company transfers creates non-uniform pricing policies when comparing the intra-company transfers with their retail sales and consolidation of net worth to gain credit advantages are other advantages of large business organizations. We feel that an equalization of opportunities would permit all producers, regardless of size, to compete on a fair basis.

We realize that there are many individual situations and overlapping of operations which will complicate the writing of legislation to accomplish our goals. Rather than try to specify how it could be accomplished, we ask that trained personnel study the matter and make recommendations.

Note: Senator Metcalf of Montana has reportedly introduced a bill relating to our resolution. A copy has been requested, and if it applies, reference to it will be added to this testimony.

Senator NELSON. Our next witness is Mr. Warren Pennington, Wisconsin Egg Producers Association.

STATEMENT OF WARREN PENNINGTON, PRESIDENT, WISCONSIN EGG PRODUCERS ASSOCIATION, MADISON, WIS.

Mr. PENNINGTON. Senator Nelson, my name is Warren Pennington, president of the Wisconsin State Egg Producers Association, and I will not repeat what so many people ahead of me have said, but I heartily endorse most of what I have heard.

I will, however, since our statement is so brief, read it.

The Wisconsin Egg Producers Association is composed of independent producers. We have a concern for the future of the American family farm because most of us fit into this category. In 1930 there were 181,767 farms in Wisconsin. The 1964 census reported only 118,816, and the present count is estimated at 116,000. Science and technology have reduced farm numbers by increasing productivity. The remaining farmers, however, are easily able to feed the Nation without the help of corporation farms which only add surpluses and offset the resulting losses with gains in other areas of reverse enterprise.

I believe from my own experience that the family farms using modern methods and equipment can produce at costs lower than the corporation farm. We cannot, however, at this point of low profit margins compete with the corporation with actually operating its farm enterprise at a loss. Conceivably then the corporation farmer with his credit and taxes can eliminate the independent farmer from competition, and with the competition gone the corporation farm would then put its product on cost-plus basis.