

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

January 29, 1981

The 15th meeting of the Committee was held in the Old Highway Auditorium and was called to order at 8:10 a.m. by Chairman Pat Goodover.

ROLL CALL: All members present with the exception of Senator Norman.

CONSIDERATION OF SENATE BILL 163: Sponsor Senator Thomas Towe presented his beginning farmers act. He said farms and farm populations are decreasing, average<sup>age</sup> of farmers is 53 years and increasing, land is being gobbled up by non-farmers not interested in using the land for farming. He submitted that we are better off if the people who farm the land also own the land. There are things that we can do about it such as, (1) a multiple bond authority. It would be authorized to sell bonds and, because they are state bonds, there should be a lesser rate of interest. (2) There would be a second loan fund. Possibly we can get an appropriation from the coal tax, perhaps \$2 million on a revolving basis, and that money would be available to the agricultural loan authority to loan the principal and interest in a bad year to a person who has received one of the multiple bond loans, but it must be paid back. (3) An incentive for retiring farmers. This would encourage existing farmers to sell not to out-of-state corporations but to somebody in the state and to sell on a long-term contract at 9%. Then the retiring farmer will be able to exclude from his Montana income tax all the interest and all capital gains on that contract.

He read through various amendments he would incorporate.

PROPOSERS:

Sen. Paul Boylan, District 38, said he thought this was a step in the right direction.

Sen. Severson, District 46, said the bill is going to help. It will be done under a program like the housing program, and we have a workable start.

Sen. Hager: This bill would be another option for getting out of farming. Without this bill an older farmer would have to carry the paper himself. This will help take some of the risk from the older man and help the young man get started, and I think we're getting closer to a good bill.

Wallace Edland, Farmer's Home Administration, Bozeman, said that in 1978 FHA was one of the largest lenders in the state helping farmers get into agriculture, but the Agricultural Act of 1978 was changed to tie to the floating interest rate. He felt Congress never dreamed interest rates would be as high as today. He still felt this bill

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was important as it shows the state is showing its intent to help young farmers get started.

Keith Kelly, Deputy Director, Department of Agriculture.

Bob Stevens, representing Grain Grower's Association.

Jo Brunner, WIFE, testimony attached, Attachment #1

Statement read by Terry Murphy from Forrest Farris, President of the Montana State Grange in Kalispell.

Marie Hovland, Montana on the National Board of Communication for Agriculture, testimony attached, Attachment #2.

Ray Beck, Montana Association of Conservation Districts, attachment #3.

Ray Lybeck, dairyman from Kalispell, attachment #4.

Ron DeYong, attachment #5.

Ken Suroki, attachment #6.

Doug Johnson, farmer from Sidney and on Board of Montana Farmer's Union.

Charles Doheny, Dutton.

Deanna DeYong read a statement from John Stebbins, attachment #7.

Bruce Mihillimaki from Stanford, attachment #8.

Bill Harris, Livestock Producer from Petroleum County, attachment #9.

Ed Butcher, rancher at Winifred, Fergus County, attachment #10.

Hulan McFarland, Pondera County, Brady, attachment #11.

Terry Murphy, President of Montana Farmer's Union, Great Falls, and owner of a ranch in Jefferson County, said he felt this was the most important bill in the Legislature to him. He felt the state needs to help growth and stability of its largest industry and that getting a lower interest rate of 3-4% would make a difference. In referring to the fiscal note, he said it didn't cost the general fund anything.

Charles Abrams, Flathead County.

John Cadby, Montana Banker's Association, representing all commercial banks in the state of Montana. He said he was neither an opponent or proponent. Bankers, like everyone else, do not like high interest rates. The core of our problem is inflation. Would like to draw a parallel with the Board of Housing meeting I suggested a few weeks ago. At that time we expressed concern that we don't want to create

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another layer of bureaucracy and suggested trying to utilize the experts in towns or financial institutions throughout the state, not only to qualify but to service the loan for the State of Montana. Our only suggestion would be that perhaps you amend page 4, line 21-23, to follow along with other amendments that would provide that these loans that are to be made through those same financial institutions (make this a requirement).

Sen. Manley: District 14, Drummond, said he didn't think the bill addressed the real problems. He felt inheritance taxes, taxes on property, cattle inventory and machinery also affected chances of beginning farmers.

Sen. Towe closing: He said this is not a panacea to solve all agricultural problems but will help in the area of escalating land prices and high interest prices. The State of Montana, because of multiple bond authority, can make lower interest available and that's what this bill is all about.

Meeting adjourned at 10:00 a.m.

  
\_\_\_\_\_  
Pat Goodover, Chairman

bd

ROLL CALLTAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 1/29/81Old Highway Building Audit.

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill		✓	
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.

DATE January 29, 1981

COMMITTEE ON Salation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Deanna de Vong	MFU, WIFE	163	✓	
Kore de Vong	farmers Union	163	✓	
Ann Smith	Farmer Union	163	✓	
Bill Harris		163	✓	
Julio Rouno		163	✓	
Dorcas Burdick	Brady High School	163	✓	
Julie Dugan	Brady H.S.	163	✓	
Marie Easter	Brady H.S.	163	✓	
Robert Rogers	Brady	163	✓	
Tom Logan	Brady H.S.	163	✓	
Walter J. McFarland	Local 100	163	✓	
Roland Schlyp	Brady, Mt.	163	✓	
Del Styrum	Brady Mt.	163	✓	
Annie Dyer	Brady	163	✓	
Ethel Wakony	Quinton	163	✓	
Charles Wakony	" "	163	✓	
Creely J. Dyer	Brady	163	✓	
Wayne C. Gopenhaver	Brady	163	✓	
Fritz Bronkiewicz	Quinton	163	✓	
Joe Tomery	Quinton	163	✓	
Anna Schlyp	Brady	163	✓	
Tim Murphy	St. Pauls MFU	163	✓	
Thomas E. Work	Brady	163	✓	
Constance B. Woods	Brady	163	✓	
Douglas J. Johnson	Quinton	163	✓	
Bruce Myllemaki	Stanford	163	✓	

(Please leave prepared statement with Secretary)

DATE Jan. 29, 1981

COMMITTEE ON Jayation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
		163		
Marie Howland	CA	163	✓	
Ernie Howland		163	✓	
Ray Lybub	self	163	✓	
Sam Ritter	self	163	✓	
Ray Burke	MACD	163	✓	
Pat Crockett	MT Farmers Union	163	✓	
Sandra Edberg	North Farmers Union	163	✓	
Ed Brunne	W. I. F E	163	✓	
Betty Urice	MT. Farmers Union	163	✓	
GEORGE T. BENNETT	MT. BKRS ASSN	163	✓	
Jan French		163		
Kelly French		163	✓	
Dick Wilson		163		
Don Chaffer	Natl Farmers Organization	163		
Ken Boyce	"	163	✓	
Ken Morrison	Dept. of Revenue	163		
Marvin Quaden	ASMSU	163	✓	
Paul F Boyce	Senate Dist 38	163	✓	
BILL ASHER	APA, PCA, SCPA + SCALA	163	—	—
GEORGE BOUSLIMAN	GT MURRAY & BEAR-STEARNS CO.	163		
John W. Prother	Legislative Auditor Office	163	—	—
Bob Stephens	MT. Grass Growers	163	✓	
Shelley Tedlund	Fun HA	163	✓	
Christina Wilson	self	163	✓	
Donald Tharman	self	163	✓	

(Please leave prepared statement with Secretary)

DATE June 29, 1951

COMMITTEE ON ~~Intelligence~~ Information

VISITORS' REGISTER

~~PRIME~~

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Bill Steele	Self	163	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mrs. Bill Steele		163	<input checked="" type="checkbox"/>	<input type="checkbox"/>

TESTIMONY: SB 163

WOMEN INVOLVED IN FARM ECONOMICS

BY: Jo Brunner

Mr. Chairman, members of the committee, for the record my name is Jo Brunner and I am speaking for Women Involved in Farm Economics. We appreciate the opportunity to be heard today, and we ask you to take into consideration our comments on this subject. It is an issue near and dear to our hearts; we feel that farm programs such as the one being discussed at this hearing are of great importance in the preservation of agricultural life--even to the extent we know it today. Over the years it has become increasingly difficult for a person with an agricultural background to get a start in our business.

We are all well acquainted with the high cost of land, when it is available--the scarcity of financial aid for those seeking it, and the tremendous high interest we all must pay for such financing, no matter what occupation we are in.

Certainly the reasons for our people leaving the farms and ranches are many; the fact remains that many have left and, through no fault of their own, and desire to return when their parents have died, or when a piece of ground does come up for sale. They have the know how, the working experience, they have families of their own, and often they are no longer young. Occasionally, they have farmed on a minor scale, and worked off the farm in order to provide a living for their family. Many men, faithful, dedicated workers, on farms not their own, perhaps through hiring for labor, or leasing a place, have the knowledge and experience necessary to make successful landowners themselves--if they were able to finance, and such an opportunity were available. We certainly do not lack for candidates to work and live on the land.



On the other hand, we find those willing to retire, either past their prime of life, unable to continue with the work necessary, or forced to cut down or quit farming and/or ranching altogether because of ill-health, yet--not able to afford the luxury of retirement from a sale or gift (such as is allowed by law) to a family member. Enter then the large corporations, the agri-businesses, and horrors of horrors, the sub-divider.

There is little or no room in our society today for sentimentality toward land. Those of us who have an inherent love for the soil and want our sons and daughters, or others with the same feelings, to continue to work land in the family for generations, are in danger of being replaced by those "deserving land" or "progress". Very often, financing is not available for those we would rather sell to, and so it goes to others, or the "old folks" stay on until death do us part. Neighbors who could work that north eighty or half section into their own operation, and are badly in need of growth to match the growth of their families, cannot match the prices offered by non-agricultural investors, sometimes foreign owners, and the farm or ranch goes to the highest bidders so that the retired farmer may be able to care for himself the rest of his life.

Women INvolved in Farm Economics is an organization dedicated to the preservation of our family farms and ranches. We have worked, in the few scant years since our birth, toward this goal and will continue to do so. We are aware that while other businesses are given incentives such as this bill offers, through financing through the sale of bonds, and for tax breaks for the retiring businessman, agriculture has heretofore been denied that opportunity. To often we are simply--and incorrectly labeled as farmers and ranchers, not businessmen.

WE are both! WE do not stay in business by being negligent, or slothful, or as the term is used so loosely these days "inefficient" And, like

other businesses, we would like to keep ours in the family, or sell to someone we know will continue to take care of our investment--our life work.

W.I.F.E. certainly was not happy with the bill Senator Towe introduced last session, but we were not discouraged. We began immediately to encourage him to come up with something acceptable and beneficial to the people we represent...our families and our neighbors. Several of us looked into other states programs along this line and discussed them with the Senator. We asked him to incorporate some of these ideas into his bill.

We know that the desire to farm or ranch is not the only criteria for a successful operation, and even if you were born and raised there you need something more to succeed, but we feel that you have a head start with a background in agriculture, whether it be from age one, on the old homestead, or working out, or leasing from others. And we want those who are capable, knowledgeable, able workers to be given a chance to prove their worth. We want those who wish to retire and turn their land over to younger people, to be able to do so, without worrying about our good and kindly uncle taking such a slice that they'll have to get a part time job to survive.

It is our contention that solid security for the bonds; guaranteed second loans; of Fha processing such loans; that the criteria established for obtaining them should be reasonable and beneficial to both the buyer and seller--that these things combined with discriminate participation are conducive to a workable program.

It is W. I.F.E.s contention that agriculture is, and has been for some time in need of a program that will provide the incentive needed by those wishing to retire, and a break for those wishing to start or to continue on in the business.

4---W.I.F.E.

This would generate the turnover of money in the community, often estimated as high as 4-5 times, a turnover in land ownership, of course, bring new life to communities, and revive young and old spirits alike in the belief and desire to see family farms and communities continue to flourish.

W.I.F.E. is not willing to let pride and ownership of the land wither and die on the vine, we believe it has a place in this fast moving world of ours, and that we can be as efficient and productive as any business. We are of the opinion that being able to pass the farm or ranch along to your children or your grandchildren, or sell it to a friend or neighbor is beneficial to the community, the industry, and to our great state and nation. Bills such as SB 163 are a step--a giant step--toward accomplishing our goal.

Thank you.

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE

MY NAME IS MARIE HOVLAND AND I REPRESENT MONTANA ON THE NATIONAL BOARD OF DIRECTORS OF COMMUNICATING FOR AGRICULTURE. MY HUSBAND, EINAR, AND I OPERATE A RANCH NEAR GREAT FALLS.

I WOULD LIKE TO THANK THE MEMBERS OF THIS COMMITTEE FOR THE OPPORTUNITY TO SPEAK IN SUPPORT OF SENATE BILL 163, A BILL DESIGNED TO PROVIDE GREATER OPPORTUNITES FOR YOUNG PEOPLE TO GET STARTED IN FARMING AND RANCHING.

COMMUNICATING FOR AGRICULTURE IS A NON-PARTISAN, NON-PROFIT RURAL ADVOCACY ORGANIZATION. WE ARE NATIONAL IN SCOPE WITH MEMBERS IN 43 STATES, INCLUDING MONTANA.

THE GOALS OF THE ORGANIZATION INCLUDE THE PRESERVATION AND PROMOTION OF THE RURAL AMERICAN WAY OF LIFE. WE BELIEVE THAT THE HEART OF RURAL AMERICA IS THE FAMILY FARM.

BELIEF IN THE IMPORTANCE OF THE FAMILY FARM LEADS US TO THE IMPORTANCE OF LEGISLATION DESIGNED TO ASSIST BEGINNING FARMERS IN OBTAINING CREDIT FOR THE ACQUISITION OF FARM AND RANCH LAND.

FAMILY FARMING HAS ALWAYS BEEN THE BACKBONE OF AMERICA. FAMILY FARMS HAVE INCREASED PRODUCTIVITY THREE TIMES FASTER THAN ANY OTHER SEGMENT OF THE ECONOMY. ONE HUNDRED YEARS AGO A FARMER COULD FEED HIMSELF AND FOUR OTHERS. TODAY A FARMER FEEDS HIMSELF AND 60 OTHERS. DESPITE THIS TREMENDOUS EFFICIENCY, THE FAMILY FARM IS IN TROUBLE.

THE AGE OF THE AVERAGE AMERICAN FARMER TODAY IS BETWEEN 55 AND 59. THIS STATISTIC HAS VERY UNHEALTHY IMPLICATIONS FOR AGRICULTURE IN THE UNITED STATES. IT COULD MEAN THAT WITH THE PASSING OF THIS GENERATION OF FARMERS AND RANCHERS, THERE WILL BE

SO FEW YOUNG PEOPLE TO CARRY ON AND THAT OUR NATION'S FOOD-PRODUCING LAND WILL PASS INTO THE HANDS OF GIANT CORPORATIONS, TRUST AND INVESTMENT FIRMS.

WE ONLY NEED BRIEFLY TO THINK ABOUT TODAY'S ENERGY SITUATION TO APPRECIATE THE FACT THAT THE PEOPLE BECOME THE LOSERS WHEN PRODUCTION BECOMES CONCENTRATED IN THE HANDS OF THE FEW.

TRADITIONALLY, AGRICULTURE HAS BEEN THE HEALTHIEST SEGMENT OF THE AMERICAN ECONOMY BECAUSE OF THE LARGE NUMBER OF INDIVIDUAL ENTREPRENEURS --- FAMILY FARMERS AND RANCHERS --- WHO HAVE BEEN INVOLVED IN IT. FAMILY FARMERS AND RANCHERS CARE. THEY ARE GOOD MANAGERS. THEY PRODUCE HIGH-QUALITY FOOD WHICH IS AVAILABLE TO CONSUMERS AT REASONABLE COSTS. THEY ARE GOOD STEWARDS OF THE SOIL AND THEY ARE ATTEMPTING TO PASS THEIR LEGACY TO FUTURE GENERATIONS.

BUT WITHOUT PROPER SAFEGUARDS, THIS COULD ALL CHANGE. IN ORDER TO MAINTAIN THE VIABILITY OF THE FAMILY FARM AND THE FAMILY RANCH --- IN ORDER TO MAINTAIN A HEALTHY DIVERSIFIED AGRICULTURAL ECONOMY --- IT IS IMPORTANT THAT MORE YOUNG PEOPLE BECOME INVOLVED.

IN TODAY'S ECONOMY, HOWEVER, IT IS VERY DIFFICULT FOR YOUNG PEOPLE TO ACQUIRE THEIR OWN FARMS AND RANCHES. LAND IS PROHIBITELY EXPENSIVE, AND SOURCES OF FINANCING FOR BEGINNING FARMERS AND RANCHERS ARE VERY FEW.

SEVERAL STATES HAVE TAKEN STEPS TO ALLEVIATE THIS SERIOUS PROBLEM. MINNESOTA, THE STATE IN WHICH COMMUNICATING FOR AGRICULTURE'S NATIONAL HEADQUARTERS IS LOCATED, HAS HAD SINCE 1977 A PROGRAM DESIGNED TO HELP YOUNG FARMERS ACQUIRE START-UP CAPITAL,

ALONG WITH A PROVISION WHICH PROVIDES TAX INCENTIVES FOR RETIREES WHO SELL THEIR LAND TO QUALIFIED YOUNG FARMERS.

THE MINNESOTA PROGRAM HAS BEEN ENORMOUSLY SUCCESSFUL. AT LAST REPORT, 248 FAMILIES WERE ACQUIRING OWNERSHIP OF 41,244 ACRES OF FARMLAND IN 55 OF THE STATE'S 87 COUNTIES UNDER TERMS OF THE PROGRAM. AND MINNESOTA, A PIONEER IN PROGRAMS DESIGNED TO HELP BEGINNING FARMERS, IS ONE OF THE FEW STATES IN THE UNITED STATES IN WHICH THE NUMBER OF FULL-TIME FAMILY FARMS IS HOLDING STEADY. IN FACT, IT HAS ACTUALLY INCREASED BY 1,000 IN THE LAST DECADE.

SIMILAR PROGRAMS IN OTHER STATES ARE NEWER --- MOST OF THEM EITHER WERE APPROVED DURING 1980 OR GOT UNDERWAY DURING THE YEAR --- BUT ALREADY THEY SHOW SIGNS OF WORKING WELL. NOW IN 1981, LEGISLATURES IN AT LEAST 10 OTHER STATES, INCLUDING MONTANA, ARE CONSIDERING THEIR OWN INDIVIDUAL VARIATIONS OF BILLS THAT WOULD HELP QUALIFIED BEGINNING FARMERS AND RANCHERS GET STARTED ON THEIR OWN.

IT SEEMS APPARENT THAT THIS IS AN IDEA WHOSE TIME HAS COME. IT SEEMS EQUALLY APPARENT THAT PROGRAMS OF THIS NATURE REPRESENT THE ANSWER TO THE SITUATION WHICH IS FREEZING YOUNG PEOPLE OUT OF AGRICULTURE AND THUS THREATENING THE ENTIRE FAMILY FARM CONCEPT.

I WON'T ATTEMPT TO DESCRIBE THE SPECIFICS OF S.B. 163. ITS SPONSOR, SENATOR TOM TOWE OF BILLINGS, IS WELL EQUIPPED TO DO THAT.

I DO WANT TO SAY, HOWEVER, THAT THIS IS AN EXCELLENT BILL WHICH WILL BE OF GREAT BENEFIT TO THE RURAL SECTOR OF MONTANA. AND CONSIDERING THE BENEFITS WHICH THE PROGRAM WOULD PROVIDE, IT WOULD BE A COMPARATIVELY INEXPENSIVE UNDERTAKING FOR THE STATE.

PROGRAMS SUCH AS THIS ARE DESIGNED TO STRENGTHEN THE FREE ENTERPRISE SYSTEM BY ALLOWING MORE PEOPLE TO PARTICIPATE. THEY'RE DESIGNED TO STRENGTHEN THE FAMILY FARM SYSTEM BY ALLOWING MORE PEOPLE TO PARTICIPATE. THEY'RE DESIGNED TO ALLOW THE UNITED STATES OF AMERICA TO CONTINUE BEING THE LAND OF OPPORTUNITY.

COMMUNICATING FOR AGRICULTURE STRONGLY SUPPORTS THIS LEGISLATION. WE ASK YOU TO TAKE FAVORABLE ACTION ON SENATE BILL 163, FOR THE GOOD OF MONTANA AND AGRICULTURE.

IF MEMBERS OF THE COMMITTEE WOULD LIKE ADDITIONAL INFORMATION ABOUT COMMUNICATING FOR AGRICULTURE, I HAVE INCLUDED IT IN THE ADDENDUM ATTACHED TO THE WRITTEN TESTIMONY WHICH HAS BEEN SUPPLIED TO THE COMMITTEE.

THANK YOU FOR THE OPPORTUNITY TO SPEAK IN SUPPORT OF SENATE BILL 163.

WITNESS STATEMENT

Name Ray Beck Date 1/29/81  
 Address 7 Edwards, Helena Support ?   
 Representing MACD Oppose ?   
 Which Bill ? 143 Amend ?

Comments:

Like Mt Association of Conservation Districts  
 would like to go on record as endorsing Senator  
 Thomas' amendments and election strong support  
 for Senate Bill 143  
 Thank you

Please leave prepared statement with the committee secretary.



WITNESS STATEMENT

Name Ray Lybeck Date 1-29-81  
 Address 500 E. Reserve Dr. Kalispell, Mt. Support ?   
 Representing self Oppose ?   
 Which Bill ? 163 Amend ?

Comments:

Jim Ray Lybeck from Kalispell I have operated a Frank A Dairy there for 29 years.

With the high cost of land and equipment today, I feel this bill would provide the funding necessary to help young people start and to stay in agriculture.

Iowa has passed an act which authorizes the issuance of 150 million in tax free bonds to establish a loan fund to assist beginning farmers also will assist small business men through another loan fund.

With the average age today of the former Rancher very close to retirement, it is important that our state implement this program for our younger citizens.

Thank you.

WITNESS STATEMENT

Name Ron de Young Date 1-29-91  
 Address 443 Kinsella Rd. Kalispell Support ?   
 Representing Flathead County Farmers Union Oppose ?   
 Which Bill ? SB 163 Amend ?

Comments:

I have worked for FFA as an assistant operator and also have gone through the process of buying and operating my own farm. My experience has shown me that this bill is desperately needed if capable beginning farmers are to be provided the opportunity to farm. I started farming in 1975. If I had to start today in 1991 increased land prices and especially increased increase rates would be prohibitive. Capable people interested in farming should have the same opportunity that I had in 1975.

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name Kenneth Seiby Date 1/19/81  
 Address Ray MT 59471 Support ? X  
 Representing self Oppose ? \_\_\_\_\_  
 Which Bill ? SB 163 Amend ? \_\_\_\_\_

Comments:

Opportunity is the key principle that this bill, if it becomes law, would provide to the citizens of Montana who would like to operate their own family farm unit.

This bill would make such aspiring people more equal in terms of purchasing power in the competition for Montana agricultural units that come up for sale.

It is not a cure-all for the problem of decreasing number of family farms and it will not guarantee the success of those who qualify to use it but it will guarantee the chance to do the best job they can in establishing a new family farm unit.

It will provide opportunity and I believe that is the one thing everyone has <sup>or</sup> ~~the~~ <sup>the</sup> legitimate right to seek and secure in a free society and a free economy.

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name Deanna de Vore Date 1/29/81  
 Address 473 Hinshella Rd. Kalispell Support ?   
 Representing John Stebbins, Farmer/teacher - Kalispell Oppose ?   
 Which Bill ? Senate Bill 163 Amend ?

Comments:

John Stebbins is working full time as a teacher and running the family farm with his father who is semi-retired. He has a hog operation with 40 sows, raises barley and alfalfa. John wants to purchase the farm from his father, but with high interest rates, <sup>inflated land prices,</sup> and low farm prices, this is impossible for John. Senate Bill 163 would make it financially feasible for John to purchase the family farm. He urges your support of this legislation which will keep ~~the~~ the door to agriculture open to beginning farmers.

Please leave prepared statement with the committee secretary.

Admission 1

read by Mrs. De Young  
1-28-81 at 1/29/81 meeting

With all due respect to the Senate Taxation Committee,

I write this letter in support of legislation that will aid the young and old farmer in obtaining new lands or simply maintaining and expanding the existing family farm in agricultural development.

At the present, it helps my father as a 106 year old man that has been on the farm for five generations. If the farm is to remain in the family, it must purchase it from my father, as there are three other children in the family. If it must purchase the farm, it must borrow a loan however, that is next to impossible due to the high interest rate on loans and low returns on farm commodities.

I ask you to support legislation that will help me and other young farmers to keep our land in agricultural production. The "strong stomach" you have may be your own or your children's.

Sincerely,  
John A. Stettin

WITNESS STATEMENT

Name Bruce Myllymaki Date 1-29-81  
 Address Stanford, Mt. Support ?   
 Representing self Oppose ?   
 Which Bill ? S.B. 163 Amend ?

Comments: A point I would like to make in addition to others that have been brought up is the increased rate of interest to be charged on installment sales contracts by the I.R.S. The rate to be used after July 1 on contracts between related parties will be 9% + if that's not used the IRS will impute 10%. The rate now is 6%.

The effect of this is, that a father will find it just that much more difficult to pass on property to his children, and the children will find it just that much harder to make payments on the land from the products it produces.

Hopefully, S.B. 163 will provide some assistance to people who are interested in devoting their lives to this State's number one industry.

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name Bill Harris Date 1/24/81  
 Address W. 100th St. Support ? ✓  
 Representing \_\_\_\_\_ Oppose ? \_\_\_\_\_  
 Which Bill ? SB 113 Amend ? \_\_\_\_\_

Comments:

I feel that the bill ~~is~~ <sup>is</sup> the  
 very order need, for an effort to  
 affect the young farmer's access  
 to an inherited right, to an inheritance  
 of land. I have not opposed my  
 own ~~land~~ business and I am well  
 aware of ~~the~~ <sup>the</sup> ~~same~~ <sup>same</sup> ~~people~~ <sup>people</sup>  
 who are trying to acquire land for  
 themselves. I feel that the I supported  
 for a act is an institution of our  
 heritage that we have the right and  
 the obligation to protect and preserve it.

Please leave prepared statement with the committee secretary.

Thank  
you

S. B. 163

E. J. Butcher

Washington, D.C.

Jan 27, 1951

I purchased the family ranch 15 years ago and at current interest rates I could not see it out.

Younger age of farmer according to days, it is being demanded by industry. Older farmer feel quality selling to corporation and need a new incentive to maintain family farm control of production. It will help keep foreign speculators out.

Agriculture requires closer supervision than any other industry because of farming in remote areas, and only other quality can do that.

Ag. is as valuable as vital an industry as banking and should deserve some consideration.

It is important that the title should pass out of hand in case of default.

I.R.S. & other government requirements weigh a little against them.

Edward J. Butcher





ADDENDUM TO TESTIMONY FOR THE

SENATE TAXATION COMMITTEE

January 29, 1981

Presented by  
Marie Hovland  
Great Falls, Montana  
Montana Director  
Communicating for Agriculture

COMMUNICATING FOR AGRICULTURE IS A FERGUS FALLS BASED, NATIONAL RURAL ADVOCACY ASSOCIATION WITH MEMBERS IN 43 STATES. APPROXIMATELY TWO-THIRDS OF OUR MEMBERS ARE FARMERS, WITH THE REMAINDER IN THE AGRI-BUSINESS COMMUNITY.

THE FOUNDATION FOR CA WAS LAID IN 1973 WHEN THE CREAMERY ASSOCIATION WAS FORMED. ITS PURPOSE WAS "TO PROMOTE THE HEALTH, WELFARE AND ADVANCEMENT OF PERSONNEL IN THE FIELDS OF AGRICULTURE AND AGRI-BUSINESS".

THE CREAMERY ASSOCIATION AWARDED SCHOLARSHIPS TO STUDENTS PURSUING CAREERS IN AGRICULTURE AND AGRIBUSINESS, ASSISTED ITS MEMBERS WHEN THEY NEEDED HELP WITH GOVERNMENTAL AGENCIES, AND LOBBIED FOR BETTER HEALTH CARE LAWS IN MINNESOTA.

MEMBERSHIP IN THE ASSOCIATION REMAINED CONCENTRATED IN WESTERN MINNESOTA UNTIL 1977 WHEN THE DECISION WAS MADE TO EXPAND MEMBERSHIP. CHARTERS WERE FILED IN 44 STATES. IT TESTIFIED AGAINST NATIONAL HEALTH INSURANCE IN WASHINGTON, D.C., AND AGAINST NON-FARM CORPORATION, AND FOREIGN OWNERSHIP OF FARMLAND.

THE GROUP OFFERED ITS ASSISTANCE AND EXPERTISE TO GET LAWS PASSED THAT WOULD BETTER THE COUNTRY, ESPECIALLY RURAL CITIZENS. IT HELPED MINNESOTA LEGISLATORS PASS THE MINNESOTA COMPREHENSIVE HEALTH INSURANCE ACT AND THE FAMILY FARM SECURITY ACT, TWO PIONEER LAWS TO AID RURAL CITIZENS.

3. RESTRICT FOREIGN, CORPORATE, AND OTHER NON-FAMILY FARM OWNERSHIP OF FARMLAND. CA HAS TESTIFIED BEFORE CONGRESS AND WORKS IN SUPPORT OF LEGISLATION PRESERVING FARMLAND FOR USE AND SALE TO FAMILY FARMERS.

4. IMPROVE AND MAINTAIN RURAL SCHOOLS. CA BELIEVES EVERY ENDEAVOR SHOULD BE MADE TO PROMOTE AND PRESERVE OUR RURAL EDUCATION SYSTEM AND THAT RURAL SCHOOLS SHOULD BE ASSURED ADEQUATE FUNDING.

5. PRESERVE AND IMPROVE RURAL TRANSPORTATION SYSTEMS, WITH EMPHASIS ON RAILROAD BRANCH LINES. CA ACTIVELY SUPPORTED THE REGIONAL RAILROAD AUTHORITY ACT AND THE BRANCH LINE BANKING BILL ENACTED BY THE MINNESOTA LEGISLATURE DURING 1980. RURAL TRANSPORTATION CONTINUES TO BE AN IMPORTANT ISSUE IN THIS STATE, ONE IN WHICH CA MEMBERS ARE CONCERNED. AND LAST BUT NOT LEAST,

6. ASSIST BEGINNING FARMERS IN OBTAINING CREDIT FOR THE ACQUISITION OF FARMLAND. BASED ON THE MINNESOTA FAMILY FARM SECURITY ACT, CA HAS BEEN VERY ACTIVE IN PROMOTING THE IDEA IN OTHER STATES. GEORGIA, IOWA, LOUISIANA, AND TEXAS APPROVED PROGRAMS BASED ON THE MINNESOTA LAW LAST YEAR.

THESE ARE BASICALLY THE AREAS IN WHICH CA ACTIVELY WORKS. WE ARE FIERCELY NON-PARTISAN AND WILL NEVER PUT THE INTERESTS OF POLITICAL PARTIES, OR THE BELIEFS OF A PARTICULAR PARTY, AHEAD OF THE BELIEFS AND NEEDS OF RURAL AMERICA. THROUGH ALL ITS ACTIVITIES, CA STRIVES TO UNITE AND NEVER TO DIVIDE RURAL AMERICA.

WITHOUT A DOUBT, FARMLAND IS THE NATION'S MOST VALUABLE NATURAL RESOURCE. LAND COSTS HAVE INCREASED BY WELL OVER 300 PERCENT IN THE LAST DECADE.

IN SURVEYS OF ITS MEMBERS, CA HAS CONSISTENTLY FOUND THAT BOTH FARMERS AND MAIN STREET MERCHANTS STRONGLY FAVOR EFFORTS TO HELP YOUNG PEOPLE BEGIN FARMING, IN THE BELIEF THAT THIS WILL PRESERVE THE FAMILY FARM.

LATE IN 1977, THE GROUP CHANGED ITS NAME TO COMMUNICATING FOR AGRICULTURE. IT BEGAN COMMUNICATING NOT ONLY FOR FARMERS, BUT FOR AGRIBUSINESS AND ALL OF RURAL AMERICA.

THE REASONS FOR CA'S SUCCESS AND FAST GROWTH--FROM A WHISPERING ORGANIZATION WITH MEMBERS IN WEST-CENTRAL MINNESOTA TO A NATIONAL VOICE WITH MEMBERS IN 43 STATES--ARE MANY AND VARIED. FIRST, THE GROUP WAS NOT A RADICAL PROTEST ORGANIZATION. CA REASONED THAT RURAL AMERICANS WANTED TO BELONG TO AN ORGANIZATION THAT WOULD BRING THEM POSITIVE RESULTS AND LASTING CHANGES TO BETTER THEIR WAY OF LIFE AND PRESERVE IT FOR THEIR CHILDREN.

SECOND, CA IS SOMEWHAT UNIQUE AS AN ASSOCIATION, IN THAT WE HAVE NOT FORMED STATE OR REGIONAL SUB-ASSOCIATIONS. WE RECEIVE INFORMATION FROM OUR MEMBERS THROUGH A COMPREHENSIVE SYSTEM OF SURVEYS ON LEGISLATIVE ISSUES. BASED ON THE RESULTS OF THESE SURVEYS, RESOLUTIONS ARE DRAFTED FOR APPROVAL OF MEMBERS ATTENDING AN ANNUAL MEETING HELD EVERY MARCH.

THIRD, CA HAS NOT BEEN PROMOTING THE CAUSES OF OTHER FARM OR RURAL GROUPS. CA IS CONCERNED WITH SIX AREAS AFFECTING RURAL AMERICA, AREAS SOMETIMES IGNORED BY OTHER GROUPS. CA BELIEVES AND PROMOTES LEGISLATION TO:

1. PROVIDE BETTER ACCESS TO HEALTH CARE FOR RURAL AMERICANS. CA SUPPORTS CATASTROPHIC HEALTH CARE LEGISLATION, VIA THE PRIVATE SECTOR, BASED ON THE MINNESOTA COMPREHENSIVE HEALTH INSURANCE ACT. CA WAS SUCCESSFUL IN GETTING A SIMILAR BILL PASSED IN WISCONSIN LAST YEAR AND WILL BE SUPPORTING THIS LEGISLATION IN SEVERAL OTHER STATES THIS YEAR.
2. REFORM TAX LAWS, ESPECIALLY ESTATE AND INHERITANCE TAX LAWS. CA HAS WORKED AT THE NATIONAL LEVEL FOR CHANGES IN TAX LAWS THAT DISCRIMINATE AGAINST FAMILY FARMS AND BUSINESSES.