

File Copy

CORPORATION INCOME TAX STUDY COMMITTEE

Report to the Legislative Council
and the Members of the
First Session of the Sixty-seventh General Assembly

State of Iowa
1977

FINAL REPORT

CORPORATION INCOME TAX STUDY COMMITTEE

House Concurrent Resolution 155, introduced during the Second Session of the Sixty-sixth General Assembly, requested that the Legislative Council establish a study committee to conduct a study during the 1976 interim relating to the state's corporation income tax law. The Studies Committee recommended that the study be conducted and its recommendation was approved by the Legislative Council.

The following members of the Senate and House of Representatives were appointed as members of the Study Committee by the Legislative Council:

Representative Lowell E. Norland, Temporary Chairperson
Senator William E. Gluba
Senator Fred W. Nolting
Senator Norman G. Rodgers
Senator Roger J. Shaff
Senator Ray Taylor
Representative Robert F. Bina
Representative Sonja Egenes
Representative Neal Hines
Representative James C. West

The Corporation Income Tax Study Committee held three one-day meetings. At its organizational meeting on September 10, 1976, the Study Committee elected Representative Lowell E. Norland as permanent Chairperson and Senator Norman G. Rodgers as permanent Vice Chairperson. At this meeting, Mr. James M. Sullivan appeared before the Study Committee to discuss the paper he prepared in 1974 entitled "The Iowa Corporation Income Tax". Mr. Sullivan discussed the various methods states use to allocate corporate income to particular states and the Uniform Division of Income for Tax Purposes Act drafted and proposed by the National Conference of Commissioners of Uniform State Laws. Also reviewed was the case of General Motors vs. District of Columbia in which the United States Supreme Court declared the District of Columbia's single-factor formula unconstitutional. The District of Columbia used a sales factor formula for apportioning corporate income for tax purposes. Presently the Moorman Corporation is challenging Iowa's single-factor formula in the district court of Polk County.

At the first meeting, personnel of the Department of Revenue reviewed the report prepared by the Department entitled "Effects of a Three Factor Formula on Iowa Corporation Income Tax Revenues". The Department made a selective sampling of corporations as the basis for the report. The results of the study indicated that a change from the single-factor sales formula to a three-factor formula would increase the amount of corporate income tax receipts.

The Study Committee also requested the Department personnel to explain the so-called "throw-back" provisions which is not presently a part of Iowa's corporate income tax law but which some other states have included in their respective corporate income tax laws. The "throw-back" provision would attribute to Iowa sales to the United States government and to foreign governments, and would further include sales made in states where the corporation did not have a sufficient nexus for tax purposes.

At the first meeting, the Legislative Service Bureau staff also presented a memorandum on the issue of nexus for tax purposes. The nexus issue is important for due process reasons and tax reasons. The Study Committee was concerned with the impact of the nexus issue as it relates to taxation of corporate income. In order for a corporation to be subject to the taxing jurisdiction of the state it must have some minimal contacts, some activity beyond mere solicitation of orders, to be considered to be "doing business" in the state. In 1959, Congress passed Public Law 86-272 in the exercise of its authority to regulate interstate commerce which established certain requirements regarding the activity of corporations which have to be satisfied before a state may impose a net income tax on a corporation.

The Study Committee invited Mr. Richard Powell, Director of Industrial Development, Iowa Development Commission to discuss the impact of corporate taxes on a corporation's decision to establish or relocate the site of a corporate facility. Mr. Powell noted that the primary concerns of a company at this time is the need for adequate transportation facilities and the cost of transportation services. Also of great concern is the availability of sufficient energy supplies. Energy costs are high in Iowa as compared to energy costs in states to the south and west of Iowa. This can be attributed to the fact that states to the south provide energy through the Tennessee Valley Authority and the United States Bureau of Reclamation provides significant amounts of energy in states west of Iowa. Mr. Powell also noted that other states provide certain incentives which Iowa does not. Mr. Powell recommended that Iowa provide a sales and use tax exemption for new equipment purchases, that Iowa establish a state finance authority for business and industry, and that Iowa provide for an industrial manpower training program to assist industry in providing specially-trained personnel.

At its third meeting, the Study Committee received testimony from Mr. Dan Smith of the Wisconsin Department of Revenue. In 1973, Wisconsin changed its corporate income tax law from an equally weighted three-factor formula to a weighted three-factor formula with sales being fifty percent. Mr. Smith noted that Wisconsin's corporate tax structure was driving Wisconsin-based industries from the state and failing to attract new industry. Changes made in the Wisconsin corporate tax law reduced the tax burden on Wisconsin-based corporations by one-third. Other changes made to attract business to the state include a tax credit for sales taxes paid on fuel actually used in the manufacturing process

and allowing the write-off of expenditures for pollution abatement equipment in one year. Wisconsin also provides for centralized assessment of industrial property which is done through five district offices each of which have 15 assessors. The program appears to be working well in Wisconsin.

Mr. Eugene F. Corrigan, Executive Director of the Multi-state Tax Commission also appeared before the Study Committee. He explained the organization of the Commission and its joint audit program. At its last meeting, the Study Committee requested the following information from the Department of Revenue:

1. A fiscal note on the loss of revenue which would result if a sales and use tax exemption was extended to manufacturing equipment and farm machinery.

2. Using the data compiled for the three-factor formula study completed in 1974, determine the increase or loss of revenue which would result from a weighted three-factor formula of 50-25-25 and 70-15-15 and 50 and 70 representing sales.

3. Determine the increase in revenue which would result from the repeal of the present law which allows a deduction of 50 percent of federal corporation income taxes paid.

4. Provide a list of the exemptions or deductions allowed corporations filing state corporation income tax returns and the fiscal impact of each exemption or deduction.

The District Court of Polk County has only recently rendered its decision in the Moorman case in which the state's single-factor sales formula has subjected to a constitutional challenge.

The information requested from the Department of Revenue by the Corporation Income Tax Study Committee will be forwarded to the members of the Study Committee and the respective chairpersons of the Standing Committees on Ways and Means.

File Copy

CORPORATE FARMING SUBCOMMITTEE
OF THE
STANDING COMMITTEES ON AGRICULTURE

Report to the Members of the
First Session of the Sixty-seventh General Assembly

State of Iowa
1977

1976 REPORT

CORPORATE FARMING SUBCOMMITTEE
OF THE
STANDING COMMITTEES ON AGRICULTURE

The Corporate Farming Subcommittee of the Standing Committees on Agriculture held three meetings during the interim. Representative Scheelhaase was elected Chairperson and Senator Priebe Vice Chairperson.

A comprehensive analysis of House File 215 was made by Doctor Neil E. Harl of Iowa State University, a copy of which is included with this report. The analysis included a review of the objectives sought to be attained as well as suggestions for future improvement of the reporting requirements of the bill. The report was discussed at length by members of the Subcommittee.

Mrs. Dorothy Letner, President of the Iowa Recorder Association, appeared before the Subcommittee and informed them that the recorders had few if any problems with reporting limited partnerships engaged in farming activities as they are required to do by House File 215. She stated that the recorders submitted all limited partnerships to the Secretary of State which enabled them to send out the required reports. Mrs. Letner also expressed concern about nonrecording of deeds, and also inadequate revenue stamps on deeds. Members of the Subcommittee felt that there was a problem in this area and felt that the respective standing committees on agriculture should inquire into the matter.

Processors objected to disclosure of individual packer's statistics and felt that slaughter statistics of packers should be reported as the aggregate numbers of livestock slaughtered by all packers in Iowa and that only the aggregate figures be made available to the public. Packers felt that disclosure of individual packers statistics should be avoided because the statistics are of benefit to competitors even when they relate to the prior year's slaughter, and because the state and federal departments of agriculture have considered confidentiality to be in the best interest of Iowa agriculture, and that voluntary exchange of information by packers would open those companies to anti-trust charges.

The President of the Iowa Association of Assessors, Mr. Forrest Halveck, pointed out a problem in section 13 of House File 215. All county assessors were required to report other business entities owning agricultural land in a county. There was no adequate limiting definition of other business entities in House File 215 or in the Code and every parcel of agricultural land would have to be reported. A corrective provision is made in the bill attached. The assessors also raised the question of the definition of a "farm". The Subcommittee generally agreed that ten acres or more was the commonly-accepted definition of a farm. Members of

the Subcommittee felt that the definition of a farm should include both acreage and purpose or use. Such a dual definition could differentiate between feedlot usage and other farm use. The Subcommittee felt that this matter should be pursued by the respective standing committees.

A representative of abstractors informed the Subcommittee that there is a complete report made on every land transaction to the Iowa Department of Revenue and suggested the possibility of amplifying this currently used form by adding the questions pertinent to the recordations of land transactions and revenue stamps affixed on deeds.

An analysis of the corporate reports received showed that 1.3% of Iowa farmland is owned by nonfarmers. Less than 500,000 acres of Iowa farmland is owned or operated by nonfarm corporations or nonresidents. There are 3,000 corporations farming in Iowa out of an estimated 135,000 farms in the state. Half of this total are family farm corporations. The total Iowa farmland involved is 1.5 million acres, or 4.7% of the estimated land farmed in Iowa. Of this total 1.1 million acres apparently is being farmed by family farm corporations. The remaining 425,000 acres represents Iowa farmland now being farmed or owned by nonfarm corporations or nonresident owners.

Some members of the Subcommittee felt that there were shortcomings in the report and that it should be tightened. Most members felt that the present reporting bill is the best one in the country. Other members felt that the report reflected the corporate ownership of farmland did not pose a problem at this time. All members felt that everything should be done to improve House File 215 and its reporting requirements to avoid corporate takeover of farming by nonfarm interests such as has happened in the broiler chicken and turkey production industries.

The report also revealed that there were 18 nonresident alien concerns that own and operate 1,845 acres and lease 4,122 acres of farm land to others.

All members of the Subcommittee felt that new legislation would not be needed. Constant improvement of the reporting form was felt to be necessary. Having just received the report from the Secretary of State, members of the Subcommittee were urged to examine the report and make suggestions to their respective standing committees for improving the requirements of House File 215.

Respectfully submitted,

SUBCOMMITTEE ON CORPORATE FARMING

Summary of Comments
to
Corporate Farming Subcommittee
of the
Standing Committees on Agriculture
August 22, 1976

- by Neil E. Harl*

I.

House File 215,^{1/} enacted in 1975, represents a rather unique approach to ascertaining the nature and extent of structural changes occurring in agriculture. Except for the one-year moratorium on acquisition of "additional agricultural land"^{2/} by corporations other than family farm corporations and authorized farm corporations,^{3/} and the prohibition against owning, controlling, or operating a feedlot for hogs or cattle in Iowa by processors with \$10 million or more in annual sales at wholesale, the Iowa legislation establishes a set of reporting requirements and seeks to ascertain detailed information on (1) limited partnerships "owning or leasing agricultural land or engaged in farming," (2) corporations that "own or lease agricultural land in the state of Iowa, or which own or lease any land on which poultry or livestock are confined for feeding or other purposes for ten days or more, or which contract for keeping and feeding poultry or livestock, or which contract for the growing of agricultural crops, fruits or other horticultural products in the state of Iowa," and (3) nonresident aliens "owning or leasing agricultural land or engaged in farming outside the corporate limits of any city." Reports are also required of fiduciaries and beneficiaries where corporations, limited partnerships or nonresident aliens hold the beneficial interest. The Iowa law on reporting goes well beyond that of any other state in several material respects. Accordingly, the Iowa legislation is pioneering in nature and is being watched with interest by other jurisdictions.

Limited partnerships

Iowa is the only state at present to require reporting by limited partnerships on nature and extent of agricultural activity. The Agricultural Census obtains information on partnerships but does not classify limited partnerships separately.

If the objective is to monitor structural change occurring in agriculture, with particular emphasis on tax-induced changes in resource allocation, attention to limited partnership activity is warranted. The

^{1/} Ch. 133, Acts of 66th General Assembly, First Session, 1975.

^{2/} See § 4, H.F. 215.

^{3/} The moratorium has been extended for two additional years. H.F. 1003, 1976.

* Charles F. Curtiss Distinguished Professor in Agriculture and Professor of Economics, Iowa State University; Member of the Iowa Bar.

limited partnership has become the investment vehicle of preference for tax sheltered investments of all types including specifically cattle feeding, cow-calf operations and, more recently, ownership and improvement of land through land clearing and capital improvements. The major features of the limited partnership that commend it as an organizational device for tax sheltered investment are (1) the pass-through of operating losses from partnership to partners so that the losses can be used to offset other income of the partners (many tax sheltered investments produce losses early in the life of the investment with gains later), and (2) limited liability for the investors as limited partners.

At present in Iowa, limited partnerships are required to file a certificate of limited partnership in the County Recorder's Office.^{4/} Such records are the only direct source of information on limited partnerships. For that reason, H.F. 215 requires County Recorders to file a report with the Secretary of State by December 1 of each year listing the names and addresses of limited partnerships "owning agricultural land or engaged in farming in the county."^{5/} Once past the initial task of searching past records, the effort by the County Recorder should be substantially lessened as those newly formed during the year are added to the list reported.

Central filing of certificates of limited partnership would, of course, simplify the task of compiling a list of limited partnerships to receive the special annual report form. That would require further legislation. A dual filing system, in a state office as well as in the County Recorder's Office, would enable limited partnerships to be identified and contacted in the same way corporations are at present.

If the legislature maintains an interest in monitoring the structural changes occurring in agriculture, especially those induced by institutional or tax forces or motivations, continuation of the reporting requirement for limited partnerships would be consistent with that objective.

Nonresident aliens

From time to time, concern has been voiced about investment by nonresident aliens in farm land within the United States. Since the late nineteenth century, Iowa has imposed limitations on the amount of land that a nonresident alien could acquire in the state.^{6/} The statutory constraint has applied not only to nonresident alien individuals but also to corporations organized under the laws of a foreign country, or incorporated in the United States if half or more of the stock was owned or controlled by nonresident aliens.^{7/} Such corporations or alien individuals are not constrained from acquiring real property within cities or towns and may acquire up to 640 acres outside cities and towns. The permissible maximum acreage that could

^{4/} See Iowa Code § 545.2 (1975).

^{5/} See § 14, H.F. 215.

^{6/} Iowa Code ch. 567 (1975). Resident aliens have the same property owning rights as citizens. Iowa Constitution, Art. I, § 22.

^{7/} Iowa Code § 567.1 (1975).

be acquired by such nonresident alien individual or corporation was increased from 320 to 640 acres in 1965.^{8/}

The Iowa statute does not purport to monitor the level of nonresident alien investment in the state. In fact, no state has attempted to monitor the level or type of such investment even though several states impose^{9/} limitations of various types on nonresident alien investment activity.^{9/}

The U.S. Congress, in the Foreign Investment Study Act of 1974,^{10/} called for an analysis of foreign investment in the United States including direct investment in real property as well as portfolio investment. Recently, a 9 volume report, Foreign Direct Investment in the United States, was transmitted to the Congress. Volume 8 contains the real estate reports. A substantial part of the work on investment in U.S. real estate was done at Iowa State University. A full text of the entire research output on real property has been published in a separate volume, Foreign Investment in U.S. Real Estate, U.S. Dept. of Agriculture, 1976.

It is apparent that no mechanism exists presently to ascertain the level or type of nonresident alien investment activity at either state or federal levels. The Iowa approach, in Sections 7 and 13 of H.F. 215, was to obtain from the County Assessors "the name and address of every corporation, nonresident alien, trust or other business entity owning agricultural land in the county as shown by the assessment rolls of the county" with report forms mailed by the Secretary of State to each individual and firm so identified.

The reason given for imposing the requirement on County Assessors was that they were believed to be the most knowledgeable individuals in each county relative to land owners and ownership. Although this approach would likely produce a degree of under estimation of nonresident alien investment activity, it was believed that this was perhaps the best way to ascertain the amount of nonresident alien investment activity short of imposing a direct reporting requirement at the time of conveyance of real property. As with limited partnership reporting, the initial reporting effort would involve a substantial time commitment; subsequent reports would require less time by the County Assessors. Moreover, if the reporting requirement is continued, the completeness and accuracy of reporting of land transactions each year involving nonresident aliens (and others as specified in the reporting requirement) should be relatively high. With emphasis placed on identifying trends in land acquisition rather than on developing a completely accurate portrayal of the extent of nonresident alien land ownership at present, it would seem more important to focus on current transactions in any event unless it is perceived that nonresident investment levels present a policy problem now.

^{9/} See Morrison and Krause, "State and Federal Legal Regulation of Alien and Corporate Land Ownership and Farm Operation," USDA, Agric. Econ. Report, No. 284, May, 1975.

^{10/} P.L. 93-479.

As discussed in the enclosed article, "Ownership Recording Systems," by Zumbach and Harl, ^{11/} implementation of a direct monitoring system would involve state or federal legislation. The logical approach would be to require specified information about the grantees in every real property transaction to be reported to a central repository of information. Specifically, the name, citizenship and residency would be necessary.

However, problems could be anticipated in implementation of such a monitoring system. If reporting of specified information was required on recordation of the deed or contract of sale, purchasers anticipating disapprobation of the acquisition would be expected to weigh carefully the advantages of recordation (principally protection against subsequent purchasers or creditors of the seller) against the disclosure that would accompany recordation. Thus, it might be necessary for the state to require that deeds or contracts of sale be recorded within a specified time to be valid in order to assure satisfactory operation of the monitoring system.

Second, imaginative grantees could make use of trusts, corporations and general or limited partnerships to conceal the identities of individuals involved. The enclosed article by Zumbach and Harl discusses this problem and offers a possible solution requiring disclosure of "control persons" of such entities.

State imposed reporting requirements would be consistent with the traditional approach of state level control of real property. However, the resulting data would likely not be uniform, nationwide. The matter of nonresident alien investment is, arguably, a national level concern. A federal approach to the problem would assure uniformity of data but would be inconsistent with traditional reliance on local law for real property conveyancing.

It is suggested that the present reporting requirement regarding nonresident alien ownership be continued for a three year period with evaluation at the end of that time of the quality and completeness of the data obtained as well as the perceived need for monitoring the level and type of nonresident alien investment activity.

Corporations

Because corporations were already required to file an annual report with the Office of the Secretary of State, and the names and addresses of all corporations organized in Iowa or incorporated elsewhere and qualified in Iowa as "foreign" corporations were known, the addition of the agricultural report has been achieved without the necessity for compiling a new list of respondents as has been necessary for limited partnerships and nonresident aliens. Problems with the corporation report have been relatively minor in nature.

First, some corporations operating in the state (such as through owner-

^{11/} See Foreign Investment in U.S. Real Estate, pp. 320-340, 1976.

ship of land rented to tenants) may not be deemed to be "doing business" in the state and hence do not file as foreign corporations with the Secretary of State. The number of such corporations is not known; moreover, there appears to be no practical way to locate such corporations except by comparing the names of corporations from the County Assessor's report (that report is to include the name and address of every "corporation, nonresident alien, trust or other business entity owning agricultural land in the county") with those filing an annual report with the Secretary of State. That would produce a list of land owning corporations operating in Iowa without qualification as foreign corporations but the procedure would not reach nonland owning corporations operating in Iowa without qualification as foreign corporations.

A second problem area with the corporate reporting requirement of H.F. 215 relates to the questions involving contracting activity. Section 5(3) of H.F. 215 requires corporations to report "the approximate number and kind of poultry or livestock owned, contracted for, fed or kept by the corporation during the preceding calendar or fiscal year." That language indicates that information is to be submitted on --

1. Animals "owned" by the reporting corporation,
2. Animals "contracted for" by the reporting corporation, and
3. Animals "fed or kept" by the reporting corporation.

It has been suggested that the category "contracted for" by the reporting corporation is unclear. Although it is not fully understood why the term lacks clarity, the requirement could be changed to "animals fed by others but under contract to the reporting corporation."

Third, the moratorium on acquisition of land by corporations other than family farm corporations and authorized farm corporations refers to "additional agricultural land."^{12/} To make it clear that the moratorium applies as well to corporations holding no agricultural land, the word "additional" could be omitted by amendment.

Fourth, in the interests of uniformity in reporting and to speed up processing of data from corporation reports, it would seem advisable to consider making all reports due no later than March 31. At present, domestic and foreign corporations organized under chapter 496A of the Iowa Code (The Iowa Business Corporation Act) file their annual reports on or before March 31.^{13/} The same is true of nonprofit corporations organized under chapter 504A of the Iowa Code.^{14/} However, those organized under chapter 491 may file their annual reports by August 1.^{15/} Cooperatives organized under chapters 497 and 498 are required to file their annual

^{12/} H.F. 215, §4.

^{13/} Iowa Code §496A.122 (1975).

^{14/} Iowa Code §504A.84 (1975).

^{15/} See Iowa Code §496.1 (1975).

report by March 1 although the penalty for not filing does not become effective until April 1.^{16/} Cooperatives under chapter 499 are required to file their annual report "before April 1."^{17/} Nonprofit corporations functioning under chapter 504 are not required to file regular annual reports although H.F. 215 has imposed a duty on such corporations to file the agricultural report although the due date is not specified.^{18/}

II.

Data from at least the corporate reporting requirements of H.F. 215 should be viewed as the most accurate data available. Although questions on organizational structure of farm businesses made an appearance in the 1969 Census of Agriculture and were included also in the 1974 Census, the degree of under reporting in the 1974 enumeration would appear to raise serious questions about the validity of the data. It should also be noted that reports from the 1974 Census of Agriculture have been delayed and have not been received to date.

III.

Regarding analysis of reports submitted pursuant to the requirements of H.F. 215, a three phase analysis has been suggested. The enclosed "Suggested Stage I Analysis for Data Reported Pursuant to H.F. 215" covers the first stage. The enclosed copy of the letter to Ms. Alice Fisher dated August 25 outlines the suggested phase two analysis.

The analyses described herein would require that all information on reports submitted to the Secretary of State be card punched and thus made available for analysis. It is suggested that such be done for reports submitted in 1977. Analysis for 1976 reports will necessarily be somewhat abbreviated inasmuch as only selected information was apparently card punched from the reports filed in 1976.

* * * *

Mr. Halbrook and I are quite willing to provide further commentary or to assist in any other manner desired by the Subcommittee.

^{16/} Iowa Code §§ 497.22, 498.24 (1975).

^{17/} Iowa Code § 499.49 (1975).

^{18/} See H.F. 215, §5.

HOUSE FILE _____

By COMMITTEE ON AGRICULTURE

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to information and reports required to be made
2 under chapter one hundred seventy-two C (172C) of the Code.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

1 Section 1. Section one hundred seventy-two C point five
2 (172C.5), unnumbered paragraph one (1), Code 1977, is amended
3 to read as follows:

4 All corporations, except where the corporation is acting
5 in a fiduciary capacity, which own or lease agricultural land
6 in the state of Iowa, or which own or lease any land on which
7 poultry or livestock are confined for feeding or other pur-
8 poses for ten days or more, or which contract for keeping
9 and feeding poultry or livestock, or which contract for the
10 growing of agricultural crops, fruits or other horticultural
11 products in the state of Iowa, shall file with their annual
12 report, on forms approved pursuant to the provisions of chapter
13 17A and supplied by the secretary of state, the following
14 additional information, unless otherwise provided:

15 Sec. 2. Section one hundred seventy-two C point twelve
16 (172C.12), Code 1977, is amended to read as follows:

17 172C.12 COUNTY ASSESSOR'S REPORT. The county assessor
18 shall forward to the secretary of state, by October first
19 of each year, the name and address of every corporation,
20 nonresident alien, and ~~trusty-or-other-business-entity~~ owning
21 agricultural land in the county as shown by the assessment
22 rolls of the county.

23 Sec. 3. Section four hundred ninety-six point one (496.1),
24 unnumbered paragraph one (1), Code 1977, is amended to read
25 as follows:

26 Any corporation, organized under the laws of this state
27 or under the laws of any other state, territory, or any foreign
28 country, which has complied with the laws of this state
29 relating to the organization of corporations and secured a
30 certificate of incorporation or permit to transact business
31 in this state, and any corporation that may hereafter organize
32 and become incorporated under the laws of this state, and
33 shall secure a certificate of incorporation or permit to
34 transact business in this state, and any foreign corporation
35 that may hereafter comply with the laws of this state relating

1 to foreign corporations and secure a permit to transact
2 business within this state, ~~shally-between-the-first-day-of~~
3 ~~July-and-the-first-day-of-August-of-each-year,~~ make an annual
4 report to the secretary of state, ~~said-report-to.~~ The report
5 shall be made between the first day of July and the first
6 day of August of each year, however corporations required
7 to make any report under chapter one hundred seventy-two C
8 (172C) of the Code shall make those reports between the first
9 day of January and the thirty-first day of March of each year.
10 The report shall be in such form as he the secretary of state
11 may prescribe, upon a blank to be prepared by-him for that
12 purpose, and such report shall contain the following
13 information:

14 EXPLANATION

15 This bill clarifies reporting requirements under chapter
16 172C of the Code. The Bill provides that certain informa-
17 tion required of individual processors shall be confidential
18 in order not to provide a competitive advantage. The dates
19 for reporting by corporations subject to chapter 172C are
20 changed because it will facilitate the consolidation of
21 information submitted in the reports at an earlier date.

22
23
24
25
26
27
28
29
30
31
32
33
34
35



State of Iowa
Secretary of State
Des Moines

MELVIN D. SYNHORST
SECRETARY OF STATE

J. HERMAN SCHWEIKER
DEPUTY SECRETARY OF STATE

November 8, 1976

Legislative Subcommittee on Corporate Farming
State Capitol
Local

Gentlemen:

The following report is an analysis of corporations, limited partnerships, and non resident aliens involved in agricultural activities in the State of Iowa. The statistical information is based upon the 1976 AR-1 reports which have been submitted in compliance with House File 215.

The format of this report is the one which was presented to and approved by your subcommittee as a whole, at the meeting held on September 15, 1976.

Sincerely,

Alice Fisher

Alice Fisher
Administrative Assistant

AHF/pa

ANALYSIS OF CORPORATIONS, LIMITED PARTNERSHIPS AND
NON-RESIDENT ALIENS INVOLVED IN AGRICULTURAL ACTIVITIES
IN THE STATE OF IOWA,
BASED UPON THEIR 1976 AR-1 REPORTS

I. NUMBER OF 1976 AR-1 REPORTS RECEIVED UNDER STATED CATEGORIES.

A. TOTAL NUMBER OF REPORTING CORPORATIONS BASED UPON THE CODE OF IOWA CHAPTER UNDER WHICH THE CORPORATION IS DEFINED.

CH. 504 - (DOMESTIC NON-PROFIT)		145
CH. 504A - (DOMESTIC NON-PROFIT)	123	
CH. 504A - (FOREIGN NON-PROFIT)	5	
TOTAL 504A (NON-PROFIT)		128
CH.'S 497,498,499 - (COOPERATIVES DOMESTIC, WITH VERY FEW FOREIGN)		31
CH. 496A - (DOMESTIC PROFIT)	2,340	
(FOREIGN PROFIT)	137	
TOTAL 496A (PROFIT)		2,477
CH. 491 - (DOMESTIC PROFIT)		125
NON-QUALIFIED IN STATE OF IOWA		11

TOTAL NUMBER OF AR-1 REPORTS FILED BY CORPORATIONS OF ALL CATEGORIES. 2,923

B. LIMITED PARTNERSHIPS 54

C. NON-RESIDENT ALIENS 18

TOTAL NUMBER OF AR-1 REPORTS BY CORPORATIONS, LIMITED PARTNERSHIPS, AND NON-RESIDENT ALIENS 2,995

II. CHARACTERISTICS OF CORPORATIONS INVOLVED IN AGRICULTURAL ACTIVITIES:

A. TOTAL NUMBER OF REPORTING CORPORATIONS.	FAMILY	AUTHORIZED	OTHER
1. PROFIT-DOMESTIC	1,539	318	608
2. PROFIT-FOREIGN	39	11	87
3. NON-PROFIT DOMESTIC	3	11	254
4. NON-PROFIT FOREIGN	0	0	5
5. COOPERATIVES	2	1	28
6. NON-QUALIFIED IN IOWA	9	1	7
 B. TOTAL ACRES OWNED & OPERATED	 476,820	 52,419	 66,774
C. TOTAL ACRES LEASED TO OTHERS	298,361	53,579	144,703
D. TOTAL ACRES LEASED FROM OTHERS	332,468	41,271	64,003

	FAMILY	AUTHORIZED	OTHER
E. CORPORATIONS THAT LEASE TO OTHERS ON A NON-SHARE BASIS. (NOTE THAT NEARLY ALWAYS THIS IS A CASH LEASE AND WOULD NOT REQUIRE A FURTHER BREAKDOWN INTO CROP AND OR LIVESTOCK CATEGORIES.)	145	32	28
F. NUMBER OF CORPORATIONS REPORTING THE FOLLOWING OPERATIONS:			
1. POULTRY	50	10	4
2. CATTLE	756	88	11
3. HOGS	564	92	7
4. SHEEP	35	3	
5. OTHER LIVESTOCK	26	1	1
6. CORN	1,333	218	47
7. SOYBEANS	974	133	33
8. OATS	420	44	6
9. HAY	448	53	9
10. OTHER CROPS	90	15	3
G. APPROXIMATE NUMBER OF ANIMALS OWNED:			
1. POULTRY	2,652,332	21,355,819	2,892,03
2. CATTLE	340,829	40,045	57,27
3. HOGS	491,268	170,320	89,71
4. SHEEP	3,137	87	1,27
5. OTHER LIVESTOCK	11,683	15,000	12
H. APPROXIMATE NUMBER OF ACRES GROWN:			
1. CORN	494,899	57,592	78,60
2. SOYBEANS	200,421	18,070	36,05
3. OATS	18,548	2,640	2,49
4. HAY	41,201	7,752	8,76
5. OTHER CROPS	10,760	2,009	8,16
I. NUMBER OF CORPORATIONS HOLDING LAND FOR IMMEDIATE OR POTENTIAL NONFARMING USE BY THE CORPORATION	37	40	47
J. NUMBER OF CORPORATIONS WHICH SHOW NON-RESIDENT ALIEN SHAREHOLDERS OWNING 5% OR MORE OF ANY CLASS OF SHARES OF THE CORPORATION.	2	1	8

III. CHARACTERISTICS OF LIMITED PARTNERSHIPS INVOLVED IN AGRICULTURAL ACTIVITIES:

A.	TOTAL NUMBER	54
B.	TOTAL ACRES OWNED & OPERATED	11,020
C.	TOTAL ACRES LEASED TO OTHERS	11,816
D.	LIMITED PARTNERSHIPS THAT LEASE TO OTHERS ON A CASH BASIS. (NOTE THIS WOULD NOT REQUIRE A BREAKDOWN INTO CROP AND LIVESTOCK CATEGORIES.)	10
E.	NUMBER OF LIMITED PARTNERSHIPS REPORTING THE FOLLOWING OPERATIONS:	
	1. POULTRY	1
	2. CATTLE	17
	3. HOGS	10
	4. SHEEP	0
	5. OTHER LIVESTOCK	0
	6. CORN	40
	7. SOYBEANS	32
	8. OATS	8
	9. HAY	10
	10. OTHER CROPS	5
F.	APPROXIMATE NUMBER OF ANIMALS OWNED:	
	1. POULTRY	80,000
	2. CATTLE	5,373
	3. HOGS	5,124
	4. SHEEP	0
	5. OTHER LIVESTOCK	0
G.	APPROXIMATE NUMBER OF ACRES GROWN:	
	1. CORN	6,367
	2. SOYBEANS	2,931
	3. OATS	267
	4. HAY	625
	5. OTHER CROPS	274
H.	TOTAL ACRES LEASED FROM OTHERS	5,810
I.	NUMBER OF LIMITED PARTNERSHIPS WITH NON-RESIDENT ALIEN PARTNERS:	0

IV. CHARACTERISTICS OF NON-RESIDENT ALIENS INVOLVED IN AGRICULTURAL ACTIVITIES:

A. TOTAL NUMBER	18
B. TOTAL ACRES OWNED & OPERATED	1,845
C. TOTAL ACRES LEASED TO OTHERS	4,122
D. NON-RESIDENT ALIENS THAT LEASE TO OTHERS ON A CASH BASIS. (NOTE THIS WOULD NOT REQUIRE A BREAKDOWN INTO CROP AND LIVESTOCK CATEGORIES.)	3
E. NUMBER OF NON-RESIDENT ALIENS REPORTING THE FOLLOWING OPERATIONS:	
1. POULTRY	0
2. CATTLE	3
3. HOGS	0
4. SHEEP	0
5. OTHER LIVESTOCK	0
6. CORN	14
7. SOYBEANS	10
8. OATS	0
9. HAY	0
10. OTHER CROPS	0
F. APPROXIMATE NUMBER OF ANIMALS OWNED:	
1. POULTRY	0
2. CATTLE	153
3. HOGS	0
4. SHEEP	0
5. OTHER LIVESTOCK	0
G. APPROXIMATE NUMBER OF ACRES GROWN:	
1. CORN	3,376
2. SOYBEANS	1,190
3. OATS	0
4. HAY	0
5. OTHER CROPS	0
H. TOTAL ACRES LEASED FROM OTHERS	0

CORPORATIONS WHICH SHOW NON-RESIDENT ALIEN SHAREHOLDERS
OWNING 5% OR MORE OF ANY CLASS OF SHARES OF THE CORPORATION

C00011 Acropolis Enterprises, Ltd.
207 Brick & Tile Bldg.
Mason City, Iowa 50401
496A - Iowa Family Farm Corp.

C00071 Araich Anstalt, Ltd.
1215 MNB Bldg.
Cedar Rapids, Iowa 52401
496A - Foreign Other Corp.

C00211 Brancanova Anstalt, Ltd.
P.O. 1215 Merchants Nat'l. Bank Bldg.
Cedar Rapids, Iowa 52401
496A - Foreign Other Corp.

C00361 CIBA-GEIGY Corporation
444 Saw Mill River Rd.
Ardsley, N. Y. 10502
496A - Foreign Other Corp.

C00787 Garnac Grain Co., Inc.
One Whitehall St.
New York, N. Y. 10004
496A - Foreign Other Corp.

C01009 Hoover-NSK Bearing Company
5400 S. State Road
Ann Arbor, Mi. 48106
496A - Foreign Other Corp.

C01480 Merian Investment Corporation
1314 King Street
Wilmington, De. 19899
496A - Foreign Authorized Corp.

C01498 Mid Farm Ag., Inc.
c/o D. Fayer
Box 592
Ames, Iowa
496A - Iowa Other Corp.

C02266

Tamus Investment Corporation
c/o Corporation Service Co.
1105 Market Street
Wilmington, De. 19899

496A - Foreign Family Farm Corp.

C02279

Terra Chemicals International, Inc.
Plaza Building
4th & Jackson
Sioux City, Iowa 51101

496A - Foreign Other Corp.

C02415

Voncast Anstalt, Ltd.
1215 MNB Bldg.
Cedar Rapids, Iowa 52401

496A - Foreign Other Corp.

NOTES

The statistics are based upon all of the 1976 AR-1 reports that have been entered into the data processing system to date. However, late AR-1 reports, which are continuing to come in at a very slow rate, are not a part of these statistics.

* II. G-1 (poultry-authorized farms) There should be an addition of 37,001. The AR-1 data processing system is designed for a 6 digit input under poultry and live-stock. One AR-1 report was received that contained 1,037,000 "poultry owned".

CHARACTERISTICS OF LIMITED PARTNERSHIPS

<u>FILE SEQUENCE #</u>	<u>ACRES OWNED or LEASED</u>	<u>COUNTY LOCATIONS</u>
L00001	80	Johnson
L00003	157	Dickinson
L00010	180	Pocahontas
L00012	286	Dickinson
L00004	240	Cedar
L00011	506	Decatur
L00013	112	Lucas - Wayne
L00014	137	Warren
L00008	560	Iowa
L00009	4,480	Decatur - Wayne
L00015	608	Lyon
L00002	2,800	Lucas - Wayne
L00007	147	Polk
L00016	160	Monona
L00017	0	-----
L00045	69	Polk
L00046	1,530	Butler - Polk Iowa - Webster Howard
L00018	400	Wayne
L00019	145	Henry
L00047	568	Jackson
L00021	472	Worth - Cerro Gord
L00023	960	Clark
L00024	555	Howard
L00025	800	Muscatine

CHARACTERISTICS OF LIMITED PARTNERSHIPS (con't.)

<u>FILE SEQUENCE #</u>	<u>ACRES OWNED or LEASED</u>	<u>COUNTY LOCATIONS</u>
L00026	232	Dallas
L00038	160	Page
L00027	699	Louisa
L00048	76	Linn
L00028	183	Adams
L00029	400	Kossuth
L00030	195	Van Buren
L00049	650	Wayne - Lucas
L00052	90	Boone
L00031	466	Emmet
L00032	460	Decatur
L00033	990	Adams
L00050	1,050	Sidney
L00034	232	Fayette
L00006	37	Marion
L00035	71	Dubuque
L00036	120	Pocahontas
L00051	117	Grundy
L00037	58	Buena Vista
L00053	633	Shelby
L00039	240	Marion - Monroe
L00041	440	Mills
L00042	900	Decatur
L00040	440	Pottawattamie

CHARACTERISTICS OF LIMITED PARTNERSHIPS (con't.)

<u>FILE SEQUENCE #</u>	<u>ACRES OWNED or LEASED</u>	<u>COUNTY LOCATIONS</u>
L00020	853	Polk - Story
L00043	160	Jefferson
L00005	600	Benton
L00022	123	Jefferson

CHARACTERISTICS OF NON-RESIDENT ALIENS

<u>FILE SEQUENCE #</u>	<u>ACRES OWNED or LEASED</u>	<u>COUNTY LOCATIONS</u>	<u>CITIZENSHIP</u>
N00001	229	Clay	Guatem.
N00002	239	Clay	Guatemala
N00003	320	Fayette	Italy
N00004	60	Wapello	Austrian
N00005	160	O'Brien	Canada
N00006	235	Benton	Germany
N00007	600	Linn	Germany
N00008	622	Van Buren	Germany
N00009	173	Linn	Germany
N00010	173	Linn	Germany
N00011	173	Linn	Germany
N00012	120	Fayette	Netherlands
N00013	530	Worth	Germany
N00014	611	Kossuth	Germany
N00015	610	Kossuth	Germany
N00016	442	Kossuth	Germany
N00017	472	Kossuth	Germany
N00018	202	Mitchell	Germany

Total Acres - 5,971

STATE OF IOWA 1976 ANNUAL BEEF AND PORK PROCESSOR REPORT

Required by House File 215, 66th G.A., 1975 Session
(Read enclosed copy of House File 215, Sec. 10)

Form AR-3

THIS REPORT MUST BE FILED WITH THE SECRETARY OF STATE OF IOWA, STATE CAPITOL, DES MOINES, IOWA 50319 ON OR BEFORE MARCH 31, 1976.

This space for use of Secretary of State

FILING REQUIREMENT - Any processor of beef or pork in Iowa shall file with the Secretary of State on or before March 31 of each year, a report containing the following information:

1. Name of processor: _____
2. Address of processor: _____
3. The number of hogs owned and fed more than thirty days by the processor in Iowa during the preceding calendar or fiscal year: _____
4. The number of cattle owned and fed more than thirty days by the processor in Iowa during the preceding calendar or fiscal year: _____
5. Total number of hogs owned and fed more than thirty days by the processor during the preceding calendar year: _____
6. Total number of cattle owned and fed more than thirty days by the processor during preceding calendar year: _____
7. Number of hogs slaughtered in Iowa by processor during preceding calendar or fiscal year: _____
8. Number of cattle slaughtered in Iowa by processor during preceding calendar or fiscal year: _____
9. Total number of hogs slaughtered by processor during preceding calendar or fiscal year: _____
10. Total number of cattle slaughtered by processor during preceding calendar or fiscal year: _____
11. Fiscal year runs from _____ to _____

Section 12 of the Act provides: "Willful failure to file a required report, or the willful filing of false information, is a public offense. A person found guilty of violating this section shall be subject to a fine not to exceed one thousand (\$1000) dollars."

Dated this _____ day of _____ 1976

Signed by: _____

Reports by corporations shall be signed by the president or other officer or authorized representative. Reports by limited partnerships shall be signed by the president or other authorized representative of the partnership. Reports by individuals shall be signed by the individual or authorized representative.

_____ THIS _____

CAC11445 10/75

This report not furnished in duplicate: Make your own copies.