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Corporate Agriculture In Oregon: A Descriptive Analysis

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Oregon State University, Corvallis

PREFACE

This research report provides information about corporate farming in Oregon. In 1975 the dearth of information was documented in a specific charge by the Oregon Legislature to the Legislative Committee on Trade and Economic Development to determine the extent and impact of corporate farming in Oregon. The Subcommittee on Agribusiness Problems, chaired by Representative Max Simpson, and the committee staff under the leadership of Clyde Doctor quickly recognized the herculean nature of the legislative charge and correctly opted for citizen input into defining the corporate farm issue. Director J. R. Davis of the Oregon Agricultural Experiment Station at Oregon State University recognized the data gap and asked the Department of Agricultural and Resource Economics to initiate some research. I have had the privilege of conducting this effort and appreciate the able assistance of M. J. Erlandson and Judi Jensen and the counsel of Manning Becker, Grant Blanch and Ludwig Eisgruber throughout the study. The data presented here will help Oregonians determine the proper place of farming corporations in our most important primary industry.

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CONTENTS

	<u>Page</u>
PREFACE	i
SUMMARY	iv
LIST OF FIGURES	vi
LIST OF TABLES	vii
THE NATURE OF CORPORATIONS	2
Types of Corporations	2
Why Corporations in Agriculture?	3
Increasing Capital Costs	3
Entry of Conglomerate Corporations	3
Tax Shelters	4
Size and Integration	4
Data Collection Procedure	5
DESCRIPTION OF CORPORATE FARMING IN OREGON	7
Where Headquartered and Chartered	7
Number of Shareholders	9
Growth in Farming Corporations	10
Subchapter S Corporations	11
Reasons for Incorporating	11
Corporate Land Purchases	11
Selected Comparisons With Census Data	12
Predominant Types of Farming	15
Profitability of Farming Corporations	15
Type of Management	15
Real Estate Characteristics	16
Market Value of Total Assets	18
Employment Characteristics	19
Levels and Sources of Gross Income	20

	<u>Page</u>
Crop and Livestock Contracting	21
Financing Farming Corporations	22
Purchasing Practices	26
Community Participation	27
CHARACTERISTICS OF OREGON'S FARMING CORPORATIONS BY TYPE OF OPERATION . .	28
COMMENTS.	31
APPENDIX	A-1
Table A-I. Purchasing Characteristics of Oregon's Farming Corpora- tions	A-1
Questionnaire	A-3

SUMMARY

This study was initiated to determine the extent and characteristics of corporate farming in Oregon. It was found that a large percentage of the corporations involved in agricultural production were family farming corporations (87%) and most of them had incorporated to facilitate estate transfer (65%). Most farming corporations were chartered (92%) and headquartered (93%) in Oregon and were largely closely held. Ten or fewer shareholders were characteristic (94%), with one stockholder in control of many of them (44%). Management was largely provided internally by a major shareholder (67%) or a minor shareholder (18%).

Comparison with data from the 1974 Census of Agriculture for Oregon disclosed that more farming corporations have irrigated cropland (63% versus 49% for all commercial farmers in Oregon) and that they owned about twice as much land of each type as compared to all commercial farmers. They also had larger investments in machinery and equipment (\$99,944 versus \$29,631/farm) and higher gross incomes from all sources (35% < \$100,000) than all commercial farmers had from gross farm income (86% < \$100,000).

The three of four farming corporations that required mortgage financing borrowed primarily from the Federal Land Bank (30%), individuals (22%) and insurance companies (12%). The similar proportion (73%) requiring operating capital obtained loans from local branch banks (35%), Production Credit Associations (19%) and local independent banks (10%). The half of the farming corporations financing machinery and equipment borrowed mainly from local branch banks (19%) and Production Credit Associations (15%).

The farming corporations purchased most of their inputs from local firms. More than 95 percent purchased locally all fertilizer, petroleum products, agricultural chemicals and custom farming operations. Further, more than 90 percent purchased all of irrigation equipment, trucks, pickups, automobiles, repair services and general supplies locally. More than 85 percent purchased all other services locally. Hired labor was employed by six of 10 farming

corporations. Two-thirds hired three or fewer full-time employees; less than five percent hired more than 25. More part-time workers (5,138) than full-time workers (2,026) were hired by farming corporations.

Forward contracting of crops was practiced by less than half the farming corporations, with only 18 percent contracting as much as 50 percent of their production and only five percent all of it. Livestock contracting was even less popular, with only five percent contracting any livestock.

Vertical integration into processing was practiced by nearly one-third of the farming corporations. Seventy percent of these processed all their own output. However, only five percent processed commercially and only three firms earned more than half their income from this source. One of five farming corporations received income from providing agricultural services or from other businesses, with about 60 percent earning less than one-fourth of their gross income from these activities.

Representatives of the farming corporations were members of major farm organizations (73%), commodity organizations (53%), local fraternal organizations (44%) and local Chambers of Commerce or service clubs (37%). In addition, 23 percent had been elected and served in a local public office. Farming corporations' personnel appeared to be full participants in their local communities.

FIGURES

	<u>Page</u>
Figure 1. Type of corporation in agriculture in Oregon, 1976.	8
Figure 2. Percent of farming corporations headquartered and char- tered in Oregon..	8
Figure 3. Number of stockholders in Oregon farming corporations. . . .	9
Figure 4. Length of time incorporated, Oregon farming corporations. . .	10
Figure 5. Time in farming prior to incorporation, Oregon farming corporations.	10
Figure 6. Percent of Oregon farming corporations reporting a profit, 1975.	16

TABLES

	<u>Page</u>
Table 1. Response to Corporate Farm Questionnaire	6
Table 2. Selected Size Comparisons, Oregon's Farming Corporations and All Commercial Farms	12
Table 3. Asset Value and Investment, Oregon's Farming Corporations. .	13
Table 4. Land Purchased 1960-76, Oregon's Farming Corporations . . .	14
Table 5. Irrigated Cropland Owned by Oregon's Farming Corporations at Headquarters Location	17
Table 6. Non-irrigated Land Owned by Oregon's Farming Corporations at Headquarters Location	17
Table 7. Land Leased by Oregon's Farming Corporations	18
Table 8. Asset Value of Oregon's Farming Corporations	19
Table 9. Number of Hired Full-time Workers Other Than Family Members, Oregon's Farming Corporations	20
Table 10. Gross Receipts From Farm and Non-farm Activities, Oregon's Farming Corporations	20
Table 11. Percent of Crops Produced Under Contract, Oregon's Farming Corporations	22
Table 12. Source of Mortgage Capital, Oregon's Farming Corporations. .	23
Table 13. Source of Financing for Machinery and Equipment, Oregon's Farming Corporations	24
Table 14. Source of Operating Capital, Oregon's Farming Corporations .	25
Table 15. Percent of Input Purchases from Local Firms, Oregon's Farm- ing Corporations	26
Table 16. Community Participation, Oregon's Farming Corporations . . .	27
Table 17. Source of Mortgage Capital, by Type of Farming Operation . .	29
Table 18. Source of Financing for Machinery and Equipment, by Type of Farming Operation	30
Table 19. Sources of Operating Capital, by Type of Farming Operation .	30

Corporate Agriculture in Oregon:
A Descriptive Analysis

J. B. Wyckoff and M. J. Erlandson ^{1/}

Legislation concerning corporate farming has been introduced periodically in the Oregon Legislature. These bills generally have not cleared the legislative committees because of the lack of agreement on the extent and impact of corporate farming in Oregon. Testimony presented has raised some questions but the data needed to provide answers was lacking.

The 1975 Legislature noted the problem and charged the Legislative Committee on Trade and Economic Development to determine the extent and impact of corporate farming in Oregon. This action, together with the statewide circulation of an initiative petition to prevent corporations from owning farmland, highlighted the need for factual information on this issue. This study was undertaken to meet that need.

The primary objectives of the study were to determine:

- 1) the extent and characteristics of corporate farming in Oregon;
- 2) the financing, input purchasing and marketing practices of Oregon's corporate farms; and
- 3) whether these characteristics and practices differed by type of corporation or the type of farming activity in which they were engaged.

The information gathered also was anticipated to be useful in projecting possible community impacts of corporate agriculture.

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THE NATURE OF CORPORATIONS

A corporation is a legal entity created by the laws of a state or country. It has most of the legal rights of a natural person such as the right to enter into contracts, to hold property, to engage in litigation and to enter into legitimate business. However, its powers are specified by the law that creates it.

A corporation is normally owned by stockholders who contribute capital or other assets. The owners elect a board of directors and delegate responsibility for the general management of the corporation's affairs through the board, to operating officers. It is the corporation, not the stockholders, that is responsible for the company's debts. Thus, individual investors generally are limited in their liability to the amount that they have invested.

Types of Corporations

There are several types of corporations involved in Oregon agriculture. Some corporate firms are involved only in farming operations. Others, known as conglomerate corporations, are involved in farming simultaneously with other activities such as building aircraft, banking and food processing. In the case of conglomerates, the actual farming operation may be conducted by the parent corporation directly or by a subsidiary set up for that specific purpose.

Finally, there are subchapter S corporations which are closely held, often by a single family. They are different only in the sense that they elect not to be taxed as corporations by the Internal Revenue Service but as partnerships, and pass earnings or losses directly back to the stockholders for tax purposes. These corporations cannot have more than 10 stockholders for the first five years of their existence (and never more than 15), more than one class of stock, or receive more than 20 percent of their income from rents, royalties or similar sources.

Why Corporations in Agriculture?

Corporations are becoming more prevalent in Oregon agriculture, increasing from 426 to 608 between 1969 and 1974. ^{2/} While they presently comprise only 3.6 percent of Oregon's farms with more than \$2,500 in sales, concern has been expressed about their influence on Oregon's "family farms" and the structure of Oregon's agricultural sector. ^{3/} Many reasons have been advanced as to why corporations are becoming more prevalent. Some of these are discussed below.

Increasing Capital Costs. One hypothesis is that the increasingly high initial cost of entering farming or enlarging the size of farming operations decreases the probability of a single entrepreneur accessing sufficient capital. Rapidly rising land prices, the greater number of acres needed for an economic farming unit because of new technology incorporating economies of size, and the high cost of developing new lands or bringing land under irrigation, may have encouraged the corporate form of business as a means of alleviating these problems. Access to operating capital also may be a problem because of the high ratio of cash to noncash production costs in many branches of agriculture. Sharing risk has become much more important, and broader-based risk sharing is possible via the corporate structure.

Entry of Conglomerate Corporations. Conglomerate corporations may enter into agricultural production with intentions to make a profit in the farming operation, to diversify their business operations, to accomplish integration with another segment of their business (e.g., food processing) or perhaps as a hedge against inflation via farmland ownership. These firms often are well equipped to handle the short term price and yield fluctuations present in agriculture since they possess the capacity to spread the risks over nonfarm businesses.

^{2/} United States Department of Commerce, Bureau of the Census, 1974 Census of Agriculture, Preliminary Report, Oregon, September 1976.

^{3/} Wyckoff, J. B., "Corporate Agriculture and Market Control," 90th Proceedings of Oregon Horticulture Society, Volume 67, 1976, pp. 61-62, and Report of Legislative Committee on Trade and Economic Development, 1975-1977 Interim, State Capitol, Salem, Oregon, December 1976, pp. 1-87.

Tax Shelters. Federal and state tax laws also may provide incentives for corporations in agriculture. So-called tax shelters, motivated basically by the effects of the graduated income tax which takes a higher percentage of the income from higher income persons, provide devices for transferring regular income into capital gains, for special treatment on depreciation and for accessing investment credit. Many investors are looking for opportunities for short-run operating losses that they can write off against nonfarm income, while simultaneously accumulating long-term capital gains via farm asset appreciation. The need for outside capital in agriculture, combined with tax shelters for investors, encourage the development of corporate agriculture in cattle feeding, cattle breeding and orchard development. Further, the tax treatment of estates has been hypothesized to be a major motivation for the incorporation of family farms.

Size and Integration. The growth in the absolute size of farming operations, encouraged by technology that makes economies of size possible, may be a prime reason for incorporation to facilitate broadening the base of ownership and risk bearing, and to limit individual liability. These larger farms, corporate or otherwise, potentially could impact the input market structure at the local level if they were to buy directly from wholesale firms. As they grow larger, integration of marketing and processing functions with production agriculture could occur, placing such firms in a position to exert some market control. At the same time, their processing facilities may provide new markets for "family" farmers.

The expansion of conglomerate corporations into agricultural production with integration through processing may result in more product differentiation, advertising and merchandising costs to be passed on to the consumer. Unionization of farm workers could be accelerated and wage costs increased. This could encourage more substitution of capital for labor (mechanization) and thus less jobs for unskilled farm workers. Fewer firms could lead to less effective competition in production agriculture, and higher farm prices if supplies were effectively controlled. At least partially offsetting these cost-increasing factors are lower farm production costs where economies of size in production exist. Consumer food prices would reflect the balance of

these higher prices and lower costs if they are filtered through the market system. Interruption of food supplies at the production level caused by strikes of unionized farm workers would be a possibility perhaps necessitating political action to curb any abuses endangering the general health and welfare of the greater society.

Finally, increasing farm size may encourage continuation of the changes in rural community population mix that have been occurring for many years. Farmers and other rural residents have indicated their desire for maintaining their local, agrarian-based community largely insulated from industrialized society. Yet, they want ready access to the benefits of industrialized society, i.e., higher incomes and better housing, roads, communication, health services, educational systems, recreation and other services. Changing farm size may interact with rural school consolidation, expansion of branch banking and the current proposal to eliminate rural post offices in impacting rural communities.

Data Collection Procedure

If information concerning corporate farms in Oregon were to be collected, the farming corporations had to be identified. Since previous searches of the Articles of Incorporation filed with the State had not been noticeably successful, an alternative approach was used.

The first step was to obtain a list of all incorporated agricultural production units which were required to file unemployment insurance with the State Department of Labor. Entries on this list were distributed to each county Extension chairman for correction and addition of other incorporated farm firms. The agents were encouraged to check their lists with local bankers financing agriculture, input supply firms, marketing and processing firms and the local ASCS, PCA and FHA office personnel, among others. In eight counties the farm use assessment rolls in the county assessor's offices were utilized to identify firms which were, or appeared to be, incorporated. A list of 1,331 firms was assembled.

A questionnaire designed to gain the maximum amount of information with a minimum effort on the part of the respondent, was developed, pretested and mailed to each firm on the list. An individually typed cover letter was sent with each questionnaire together with a self-addressed envelope to facilitate the questionnaire return. At the end of three weeks, a follow-up letter was forwarded to all non-responding addressees. Data from the questionnaires were then processed via computer.

The original mailing, dated May 18, was sent to 1,331 addressees. Fifty-five percent of the addressees were accounted for from this mailing prior to a second contact sent out June 16. The second mailing brought a response from another 12.2 percent of the addressees (Table 1). Fifty-three percent of the respondents were incorporated farming corporations; 40 percent were partnerships or individual proprietorships. The remainder were nonagricultural firms or were undeliverable. This high level of response is an indication of the interest in the corporate farm issue in Oregon.

Table 1. Response to Corporate Farm Questionnaire

Mailing	Incorporated		Not incorporated		Other		Total	
	No.	%	No.	%	No.	%	No.	%
May 18	387	29.1	257	19.3	27	2.0	671	50.4
June 16	<u>55</u>	<u>4.1</u>	<u>76</u>	<u>5.7</u>	<u>30</u>	<u>2.3</u>	<u>161</u>	<u>12.1</u>
Subtotal	442	33.2	333	25.0	57	4.3	832	62.5
Non-deliverable							56	4.2
Non-response							<u>443</u>	<u>33.3</u>
TOTAL							1,331	100.0

The geographic location of respondent corporate farms corresponded closely to the importance of agricultural production in the various counties. Umatilla County, with 57 corporate farms, and Marion County, with 49, led the respondent list and are traditionally the state's largest agricultural

income counties. They were followed by Klamath, Malheur, Wallowa, Linn, Jefferson and Harney, Baker, and Benton and Lane Counties, respectively. The remaining counties had less than a dozen corporate farms reporting per county.

DESCRIPTION OF CORPORATE FARMING IN OREGON

A check of the non-respondents identified one known parent corporation (conglomerate type) that did not respond. Another 30 (6.7%) were out-of-state owners, none of them identified as conglomerate corporations. The remaining non-respondents had Oregon addresses. If the same ratio of incorporated farms, as compared to unincorporated and other, prevailed for the non-respondents as for the response to the second mailing, then the study includes data on about three-fourths of all the corporate farms in Oregon. Examination of the names and addresses of the Oregon non-respondents leads the authors to believe that virtually all of them are family farms.

From the 442 farming corporations identified, representing nearly three-fourths of all corporate farms as reported in the 1974 Census of Agriculture, only five questionnaires were either incomplete or arrived too late to be analyzed. However, of the 437 corporate farms included in this analysis, 87.3 percent (382) were incorporated family farms. Independent corporations ^{4/} engaged in farming comprised 9.9 percent (43) of the respondents, while parent and subsidiary corporations ^{5/} each comprised 1.4 (6 and 6) percent (Figure 1).

Where Headquartered and Chartered

More than 93 percent of the respondent corporations are headquartered in Oregon (Figure 2). There was a difference, however, in the percentage of family and independent corporations headquartered in Oregon compared with parent and subsidiary corporations. Only one-third (2) of the parent

^{4/} These corporations are primarily engaged in farming and are not directly affiliated or owned by another corporation.

^{5/} These corporations own or are owned by other corporations which may not be involved in farming.

corporations and half (3) of the subsidiary corporations were headquartered in Oregon compared to 95 and 93 percent, respectively, for the family and independent corporations.

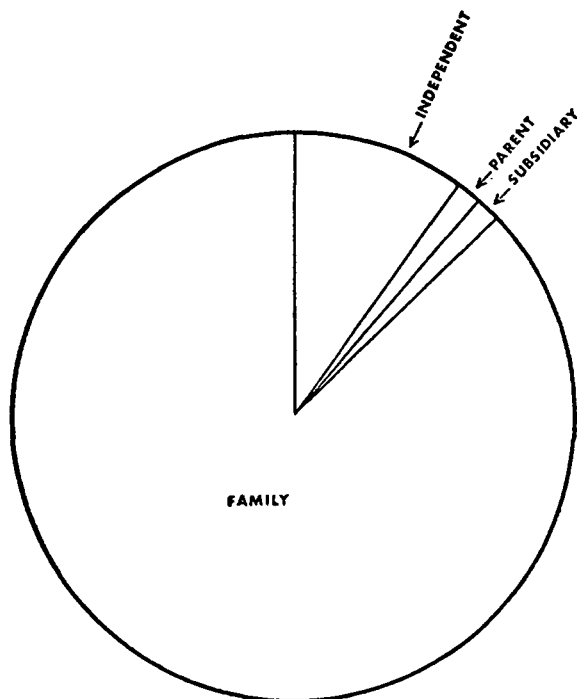


Figure 1. Type of corporation in agriculture in Oregon, 1976.

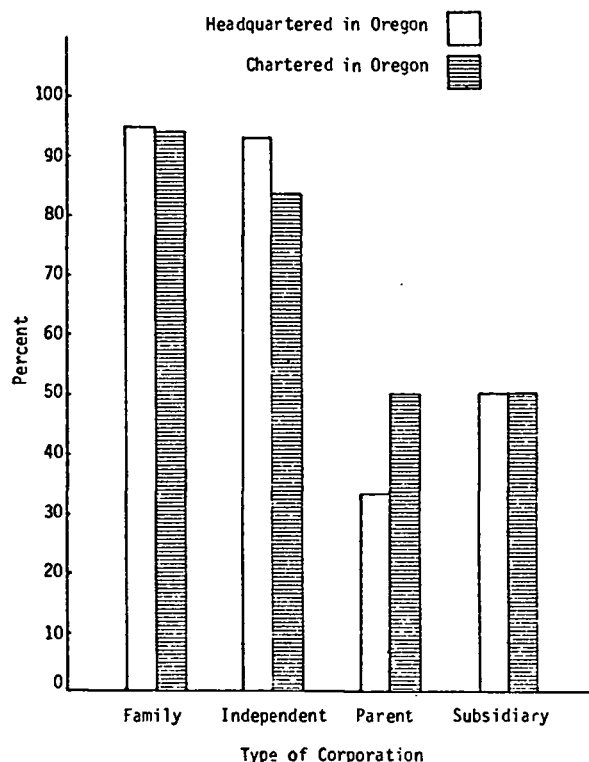


Figure 2. Percent of farming corporations headquartered and chartered in Oregon.

A similar percentage (92) of the corporations were chartered in Oregon (Figure 2). However, only 50 percent of the parent and subsidiary corporations were chartered in Oregon, compared to 94 percent of the family and 83 percent of the independent corporations. Ten and seven percent, respectively, of the family and independent corporations had operations outside of Oregon. Sixty percent of the parent corporations and 50 percent of the subsidiary corporations were involved out of state.

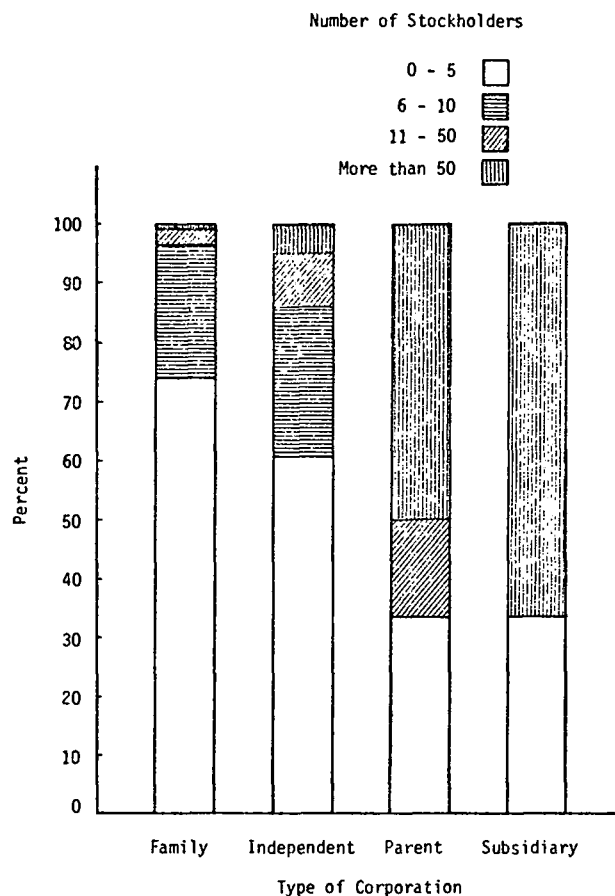


Figure 3. Number of stockholders in Oregon farming corporations.

Number of Shareholders

The majority of the responding farming corporations in Oregon were rather closely held, with 94 percent having less than 10 stockholders (Figure 3). In contrast, only 2.3 percent had more than 50 stockholders. Almost two-thirds of the corporations reporting more than 50 stockholders were parent or subsidiary ^{6/} corporations. Almost 44 percent of the farming corporations in Oregon had one shareholder who held over 50 percent of the total voting shares.

^{6/} It is assumed that the subsidiary corporations were reporting their parent corporation's stockholder numbers.

Growth in Farming Corporations

The general observation that the number of corporations has been increasing in recent years was substantiated both by the 1974 Census of Agriculture and by this study. About 45 percent of the farming corporations reporting have been incorporated five years or less (Figure 4). About an equal number have been incorporated more than 25 years.

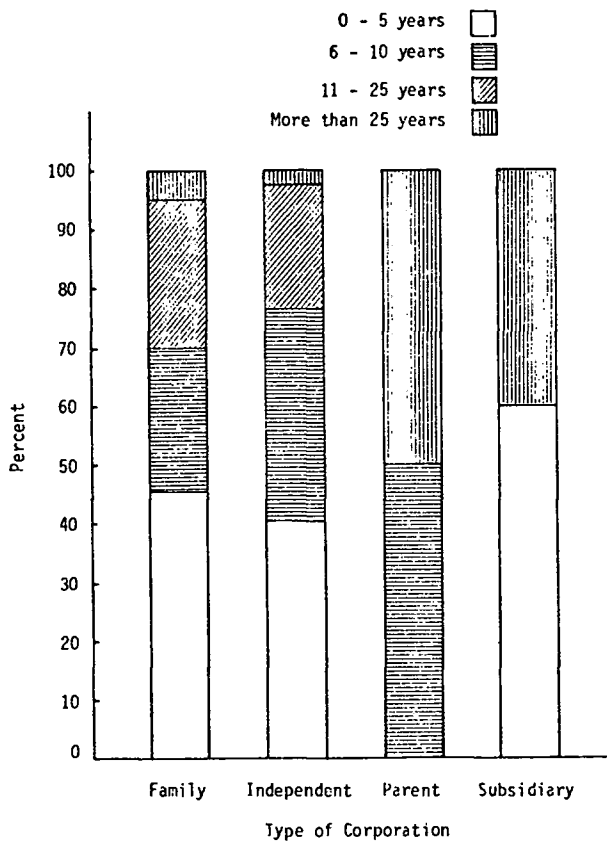


Figure 4. Length of time incorporated, Oregon farming corporations.

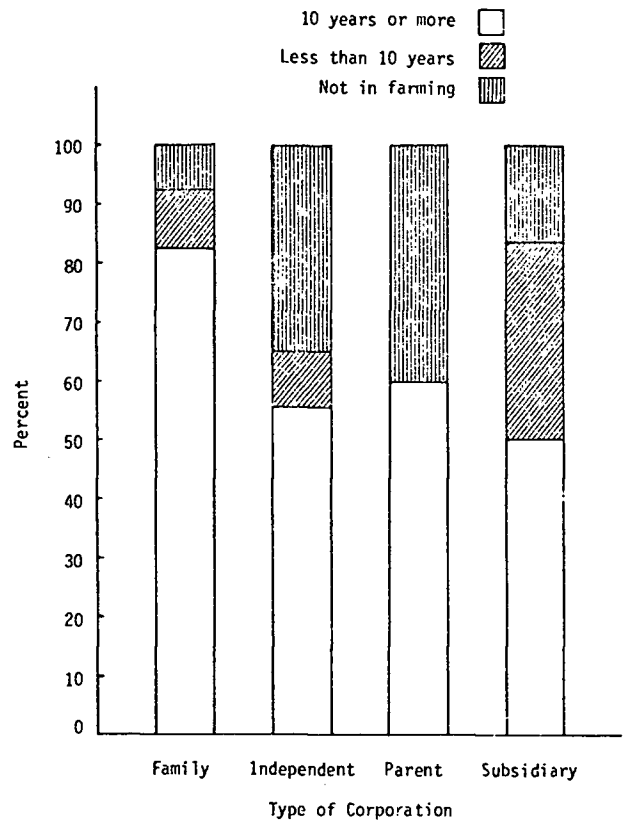


Figure 5. Time in farming prior to incorporation, Oregon farming corporations.

Most of the family farming corporations were in farming prior to incorporation (Figure 5). This was less true of the other types. Just over seven percent of the family farming corporations were not in agriculture prior to incorporation, compared with approximately 35, 40 and 17 percent of the

independent, parent and subsidiary corporations, respectively. On the other hand, approximately 83 percent of the family farms had farmed for 10 years or more prior to incorporation compared to 56 percent of the independent corporations, 60 percent of the parent and 50 percent of the subsidiary corporations.

Subchapter S Corporations

Some corporations, relatively more independent than the other types, elected to be taxed as partnerships via the subchapter S provisions of the Internal Revenue Service Code. Over 45 percent of the independent farming corporations were subchapter S, compared to 36 percent of the family and 17 percent of the parent corporations. Subsidiary farming corporations do not qualify for subchapter S status.

Reasons for Incorporating

Although seven reasons for incorporating farms were identified in the questionnaire, only four proved to be important to the respondents. Family farms had incorporated primarily to facilitate estate transfer, with 65 percent of them so indicating. Another 19 percent had incorporated to gain limited liability and just over seven percent to obtain operating capital. No other reason elicited as much as a five percent response. For independent farming corporations, the major reason was to obtain capital to purchase the farm or ranch, with the second most important being to gain limited liability. The parent or subsidiary corporations did not indicate that any particular reason was dominant in their incorporation decision.

Corporate Land Purchases

With almost two-thirds of the family farms incorporating to facilitate estate transfer and independent farming corporations to access capital, it is not surprising that corporate farms average larger than all farms. If the family farm was not relatively large, there would be little problem in transferring its assets from one generation to another. Only when the total value

becomes large do estate taxes become a serious limitation. Similarly, access to small quantities of capital does not require the corporate business form.

Selected Comparisons With Census Data

Although the data are not strictly comparable, average figures for all Oregon farms with annual sales of \$2,500 or more reported in the 1974 Census of Agriculture are compared to median values from this study of Oregon's farming corporations (Table 2).

Table 2. Selected Size Comparisons, Oregon's Farming Corporations and All Commercial Farms ^{a/}

Item	All commercial census farms, 1974		Farming corporations, 1976	
	Percent of farms reporting	Average ^{b/}	Percent of farms reporting	Median ^{c/}
Irrigated cropland	49	179 acres	63	350 acres
Non-irrigated cropland	N.A.	191 acres	41	400 acres
Range or pastureland	76	816 acres	42	1,690 acres
Timberland (woodland)	32	287 acres	19	360 acres
Beef cows	46	82 cows	45	250 cows
Dairy cows	18	29 cows	7	7 cows
Breeding ewes	12	191 ewes	6	133 ewes

^{a/} Commercial farms defined as those with annual sales of \$2,500 or more.

^{b/} Total of all quantities reported divided by number of farms reporting.

^{c/} One-half of the reporting farms have quantities less than this figure and one-half have quantities exceeding this figure.

A higher percentage of the farming corporations had irrigated cropland than did all commercial farms. Further, the median amounts of cropland and range reported by the farming corporations were approximately double the average reported by all commercial farms. Relatively fewer farming corporations

reported owning range or pastureland and timberland (woodlands) than all commercial farms. The high median investment in irrigated cropland and irrigation systems (Table 3) may help explain the relatively high percentage of incorporated irrigated farms.

Table 3. Asset Value and Investment, Oregon's Farming Corporations

Type of asset	Percent of respondents reporting	Median market value/acre ^{a/}	Investment per farm reporting
	%	\$	\$ ^{b/}
Irrigated cropland	62	1,001	350,350 ^{b/}
Non-irrigated cropland	45	452	180,800 ^{b/}
Range or pastureland	41	99	167,310 ^{b/}
Timberland	15	251	90,360 ^{b/}
Buildings	52	--	80,133 ^{a/}
Machinery and equipment	58	--	99,944 ^{a/}
Irrigation system	34	--	30,129 ^{a/}
Livestock and poultry	28	--	120,100 ^{a/}
Other assets	6	--	99,375 ^{a/}

^{a/} One-half the respondents reported higher values and one half, lower values.

^{b/} Calculated by multiplying median market value per acre by median quantity (reported in Table 2).

The only value comparable to those in Table 3 present in the 1974 Census of Agriculture was in the case of machinery and equipment investment. All commercial farms reporting in the 1974 Census averaged an investment of \$29,631 in machinery and equipment compared to the median investment for farming corporations of \$99,944 in 1976.

It is interesting to note that more than 90 percent of Oregon's farming corporations depend upon agricultural production for the majority of their income.

In contrast, only two-thirds of Oregon's 1974 Agricultural Census commercial farmers listed farming as their major occupation. The income distribution may reflect a reason, since 86 percent of Oregon's commercial farmers reported annual gross farm incomes of less than \$100,000 in 1974 compared to 35 percent of Oregon's farming corporations reporting 1975 gross incomes from all sources of less than \$100,000. These income figures are not totally comparable since the farming corporation figures include non-farm income as well as farm income. Thus, they must be interpreted carefully.

Because "bigness" ^{7/} and the growth of corporate farming are often implicitly associated, the extent of farm and rangeland purchases by farming corporations in Oregon since 1960 was determined (Table 4). It can be seen

Table 4. Land Purchased 1960-76, Oregon's Farming Corporations

Type of Farming Corporation	None	Less than 100 acres	100 to 999 acres	1000 to 4999 acres	5000 to 9,999 acres	More than 10,000 acres	Total	Total number
(Percent of Total)								
Family	35.4	11.6	33.0	12.7	3.5	3.8	100.0	370
Independent	18.6	4.7	25.6	20.9	7.0	23.2	100.0	43
Parent	33.3	0.0	50.0	0.0	16.7	0.0	100.0	6
Subsidiary	0.0	16.7	0.0	0.0	16.7	66.6	100.0	6
Total	33.2	10.8	32.0	13.2	4.2	6.6	100.0	
Total Number	141	46	136	56	18	28		425 ^{a/}

^{a/} Twelve respondents failed to answer this question. Although there was some variation in the number of missing observations, as can be seen on the individual tables, the average for all questions was 3%. Difference in the total number of observations, other than these missing observations, was due to the respondents not having that particular characteristic. It should, however, be recognized that a missing response from a parent or subsidiary corporation, with only six respondents in each of these categories, has a much greater influence than one missing from the family or independent corporation categories with 382 and 43 respondents respectively.

^{7/} Measures of "bigness" in farming are often misleading. A 50,000-acre ranching operation with a carrying capacity of 1,000 brood cows may earn less gross income than 200 acres of irrigated potatoes at present prices. Likewise, gross income is not a good measure of "bigness" because of differing ratios of production and marketing costs to gross income in different farming enterprises.

that approximately one-third of the farming corporations have not purchased any additional land since 1960. Almost one-third have purchased from 100 to 1,000 acres, and less than seven percent have purchased more than 10,000 acres of ranch or farmland. Most of the subsidiary corporations had purchased more than 10,000 acres since 1960. Since the majority of these have been incorporated less than 10 years, it would appear that they may have been formed specifically to develop and farm large acreages.

Predominant Types of Farming

The respondents were asked what type of farming and ranching operation was conducted by their firm. Many gave multiple responses indicating more than one activity. However, five major types of operations, i.e., cattle ranching, wheat, field crops, grass seed and truck crop farming were named most often. Almost 38 percent were in cattle ranching, 34 percent wheat, 23 percent field crops, 14 percent grass seed and 12 percent truck crop farming. Family and independent farming corporations were involved in all five major types of operations; parent corporations were only in wheat, and subsidiary corporations were in cattle ranching and wheat and field crop farming.

Profitability of Farming Corporations

Incorporating has apparently not been a total panacea for Oregon farmers. Only 62 percent reported making a profit from their operation in 1975. Independent farming corporations were relatively less successful, with almost two-thirds of them failing to make a profit (Figure 6).

Type of Management

A major stockholder provided the management for two-thirds of the responding corporations. Minor stockholders (18%) and hired managers (10%) provided the management for virtually all the rest. A few firms reported depending upon management firms (2), financial firms (1) or other sources (21) for management.

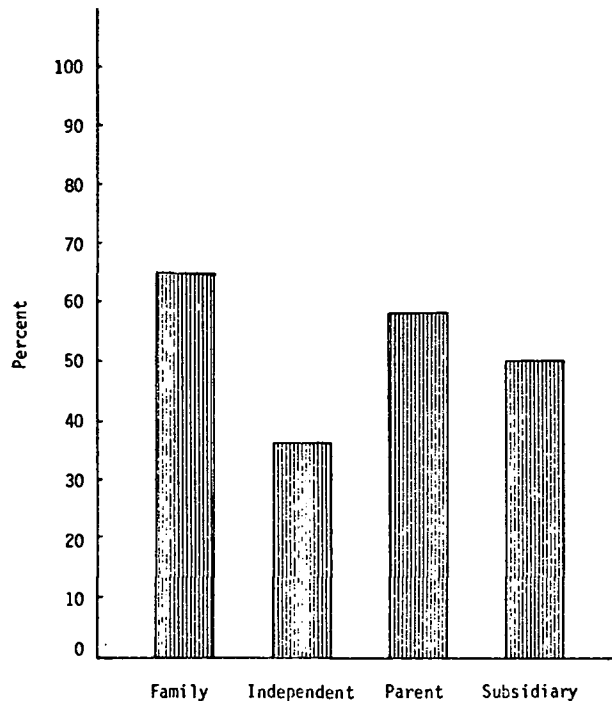


Figure 6. Percent of Oregon farming corporations reporting a profit, 1975.

Real Estate Characteristics

Sixty-three percent (273) of the farming corporations included in this study reported owning some irrigated land at their headquarters (home farm) operation. Of these, 90 percent were family corporations, eight percent were independent corporations, with less than two percent being parent or subsidiary corporations. The tract sizes of owned, irrigated cropland at the headquarters location varied, with 40 percent 250 acres or less, and 42 percent were 251 to 1,000 acres (Table 5). Relatively fewer family farming corporations owned more than 500 acres of irrigated cropland at their headquarters location than independent or subsidiary farming corporations. In fact, all reporting subsidiary corporations owned more than 5,000 acres of irrigated cropland. The total irrigated cropland owned by farming corporations represented 18.8 percent of all irrigated land owned by commercial farmers in 1974. ^{8/}

^{8/} These figures again are not totally comparable because the Census data are for 1974 and this study's data are for 1976. Considerable quantities of irrigated cropland have been moving into production in Oregon in recent years and may not have been picked up in the Census. Thus, the percentage is likely biased upward.

Table 5. Irrigated Cropland Owned by Oregon's Farming Corporations at Headquarters Location

Type of farming corporation	Acres of irrigated cropland						Total	Total number
	1-125	126-250	251-500	501-1000	1001-5000	More than 5000		
	(Percent of total)							
Family	21.6	19.9	24.8	17.9	15.0	0.8	100.0	246
Independent	22.7	9.1	18.2	27.3	13.6	9.1	100.0	22
Parent	0.0	100.0	0.0	0.0	0.0	0.0	100.0	1
Subsidiary	0.0	0.0	0.0	0.0	50.0	50.0	100.0	4
Total	21.2	19.0	23.8	18.3	15.6	2.1	100.0	
Total number	58	52	65	50	42	6		273
Average acres	66.7	188.5	378.6	750.2	1,914.0	16,147.1	269,526	

More than two-thirds (298) of the respondent corporations reported owning land other than irrigated cropland at their headquarters location (Table 6). Of these, 87 percent were family corporations, 11 percent were independent corporations and two percent were parent and subsidiary corporations. More than half owned less than 1,000 acres. Parent and subsidiary corporations tended to own either relatively small or large acreages of this type of land in contrast to the family and independent farming corporations.

Table 6. Non-irrigated Land Owned by Oregon's Farming Corporations at Headquarters Location

Type of farming corporation	Acres of all land owned other than irrigated cropland at location					Total	Total number
	Less than 1,000	1,001 to 5,000	5,001 to 10,000	10,001 to 20,000	More than 20,000		
	(Percent of total)						
Family	54.3	26.3	8.5	6.6	4.3	100.0	258
Independent	38.6	29.8	11.4	8.8	11.4	100.0	34
Parent	70.0	0.0	0.0	0.0	30.0	100.0	3
Subsidiary	33.3	0.0	33.3	0.0	33.4	100.0	3
Total	52.3	26.2	9.1	6.7	5.7	100.0	
Total number	156	78	27	20	17		298

Ten percent of the corporations reported owning some land elsewhere. Almost 90 percent of these were family corporations, seven percent were independents and the rest were subsidiary corporations. The parent corporations reported no ownership of land elsewhere. More than 60 percent of these corporations held acreages of less than 500 acres. On the other hand, 21 percent reported owning more than 1,500 acres of land elsewhere. The farming corporations reported in this study owned 6.3 percent of the non-irrigated cropland and 9.1 percent of the rangeland reported by all commercial farmers in the 1974 Census of Agriculture. ^{9/}

Of the 272 corporations reporting acreages of land rented or leased for operation, 90 percent were family corporations, eight percent were independents and less than two percent were parent or subsidiary corporations. Almost one-fourth of the leases were for tracts of less than 200 acres; almost one-third were for 500 to 2,500 acres (Table 7). Relatively fewer family farming corporations leased more than 2,500 acres than the other types. The irrigated cropland leased for farming represents 4.6 percent of all irrigated land reported by all commercial farmers in the 1974 Census of Agriculture. ^{9/}

Table 7. Land Leased by Oregon's Farming Corporations

Type of farming corporation	Acres of all land rented or leased for operation							Total	Total number
	Less than 200	201 to 500	501 to 2500	2501 to 5000	5001 to 10,000	10,001 to 50,000	More than 50,000		
	(Percent of total)								
Family	24.5	20.4	32.2	8.2	6.1	6.1	2.5	100.0	245
Independent	18.5	4.9	35.8	4.9	13.6	13.6	8.7	100.0	22
Parent	50.0	0.0	0.0	0.0	0.0	0.0	50.0	100.0	2
Subsidiary	0.0	33.3	33.3	0.0	0.0	0.0	33.4	100.0	3
Total	23.9	19.1	32.4	7.7	6.6	6.6	3.7	100.0	
Total number	65	52	88	21	18	18	10		272

Market Value of Total Assets

For all farming corporations reporting total assets, 62 percent reported a market value of total assets ranging from \$100,000 to \$1,000,000 (Table 8).

^{9/} The same caveat applies here as explained in footnote ^{8/}.

Of the 48 respondents reporting the market value of their total assets exceeding \$2,000,000, 71 percent were family corporations, 19 percent independent corporations and just over 10 percent subsidiary corporations. None of the reporting parent corporations had assets valued at more than \$2 million; all reporting subsidiary corporations were in this category. Almost one-third of the reporting family farming corporations had assets exceeding \$1 million.

Table 8. Asset Value of Oregon's Farming Corporations

Type of farming corporation	Market value of total assets						Total	Total number
	Less than \$50,000	\$50,000 to \$100,000	\$100,001 to \$500,000	\$500,001 to \$1,000,000	\$1,000,001 to \$2,000,000	More than \$2,000,000		
	(Percent of total)							
Family	2.1	2.8	36.9	27.1	20.7	10.4	100.0	328
Independent	8.6	2.9	40.0	11.4	11.4	25.7	100.0	35
Parent	33.3	33.3	33.4	0.0	0.0	0.0	100.0	3
Subsidiary	0.0	0.0	0.0	0.0	0.0	100.0	100.0	5
Total	3.0	3.0	36.7	25.1	19.4	12.9	100.0	
Total number	11	11	136	93	72	48		371

Employment Characteristics

Sixty-two percent of Oregon's farming corporations reported hiring full-time employees (Table 9). The total number employed was 2,026. Almost two-thirds of these corporations reported hiring between one and three full-time workers other than family members. A large proportion (87%) of the family corporations hiring labor hire between one and six full-time workers. Almost 80 percent of the employing independent corporations hire similar numbers. On the other hand, 50 percent of the subsidiary farming corporations responding to the question hire more than 25 people full-time.

Hiring practices of Oregon's farming corporations for part-time workers are similar to those for full-time. The major difference is that more firms hire a larger number of part-time relative to full-time workers. More than 16 percent of Oregon's employing farming corporations hire 11 or more part-time workers. The total number of part-time workers employed was 5,138.

Table 9. Number of Hired Full-Time Workers Other Than Family Members, Oregon's Farming Corporations

Type of farming corporation	Number of hired full-time workers other than family members						Total percent	Total number
	1	2-3	4-6	7-10	11-25	More than 25		
	(Percent of farms)							
Family	31.1	35.7	20.2	4.2	5.9	2.9	100.0	238
Independent	21.7	39.1	17.4	4.2	4.3	13.0	100.0	23
Parent	0.0	100.0	0.0	0.0	0.0	0.0	100.0	3
Subsidiary	0.0	0.0	25.0	25.0	0.0	50.0	100.0	4
Percent of total	29.5	36.2	19.8	4.5	5.6	4.5	100.0	268
Average hired	1.0	2.4	4.8	8.9	16.7	91.9		2,026

Levels and Sources of Gross Income

Just less than half of Oregon's respondent farming corporations had gross receipts ranging from \$100,000 to \$500,000 in 1975. Proportionately more family farming corporations reported gross incomes from \$50,000 to \$1 million and proportionately less in the less than \$50,000 and \$1,000,000 or more categories as compared to all respondents. Almost half of both parent and subsidiary corporations reported gross incomes exceeding \$5 million (Table 10).

Table 10. Gross Receipts From Farm and Non-farm Activities, Oregon's Farming Corporations

Type of farming corporation	Total gross receipts (dollars)							Total	Total number
	Less than \$25,000	\$25,000-\$49,999	\$50,000-\$99,999	\$100,000-\$499,999	\$500,000-\$999,999	\$1,000,000-\$4,999,999	More than \$5,000,000		
	(Percent of farms)								
Family	10.1	7.3	16.3	49.2	7.3	6.5	3.3	100.0	368
Independent	24.4	14.6	12.2	24.4	4.9	9.8	9.8	100.0	41
Parent	16.7	0.0	0.0	33.3	0.0	0.0	50.0	100.0	6
Subsidiary	0.0	0.0	0.0	20.0	20.0	20.0	40.0	100.0	5
Percent of Total	11.4	7.9	15.5	46.2	7.1	6.9	5.0	100.0	
Total number	48	33	65	194	30	29	21		420

More than 70 percent of the corporations reporting income sources earned all their income from agricultural production. Fewer than 10 percent earned less than 50 percent from farming. However, two-thirds of the parent corporations and half the subsidiaries reporting earned less than half their income from farming compared to 14 and nine percent of the independent and family farming corporations, respectively.

Twenty-two (5%) of the respondents received income from processing farm products. Eighteen of these were family farming corporations. Only two family and one parent corporation earned more than half their gross income from such activities.

Twenty-seven percent of Oregon's farming corporations received income from providing agricultural services and from other businesses. Twenty-two firms earned 75 percent or more of their gross income from this outside business. About 60 percent earned less than one-fourth of their gross income from these activities. Eighty-six percent of firms earning income from such businesses were family farming corporations.

Crop and Livestock Contracting

The evidence suggests that Oregon farming corporations do relatively little contracting of either crop or livestock production (Table 11). More than 55 percent of the responding Oregon farming corporations do no crop contracting and approximately 95 percent contract no livestock. Family corporations which contract crops contract a higher percentage compared to the others.

The five independent and subsidiary corporations contracting livestock production all contracted more than 50 percent. Only half the family corporations involved contracted that high a proportion. Parent farming corporations did not own livestock.

It was pointed out earlier that only 22 of the responding farming corporations received income from processing agricultural products. It is also

interesting to note that approximately 32 percent (138) of Oregon's farming corporations process at least some of their own output through their own facilities. More than 70 percent of these firms (22 percent of all farming corporations in this study) process their total production. Eighty-six percent of them are family farming corporations.

Table 11. Percent of Crops Produced Under Contract, Oregon's Farming Corporations

Type of farming corporation	Percent of crops produced under contract						Total percent	Total number
	None	Less than 25	25-49	50-74	Over 75	All		
	(Percent of farms)							
Family	54.2	15.6	12.7	7.3	5.7	4.6	100.0	371
Independent	66.7	8.3	2.8	5.6	8.3	8.3	100.0	36
Parent	60.0	0.0	0.0	0.0	20.0	20.0	100.0	5
Subsidiary	66.7	16.7	16.7	0.0	0.0	0.0	100.0	6
Percent of total	55.5	14.8	11.7	6.9	6.0	5.0	100.0	
Total number	232	62	49	29	25	21		418

Financing Farming Corporations

Almost 24 percent of the reporting farming corporations in Oregon totally owned their land (Table 12). Of those that have mortgages, the Federal Land Bank, private individuals and insurance companies provide almost two-thirds of the financing. The family farming corporations depended more on the Federal Land Bank for mortgage money than the independent and parent corporations which borrowed more frequently from private individuals. Subsidiary corporations depended rather heavily upon parent corporations for mortgage financing.

The source of funds for financing machinery and equipment was quite different from real estate financing (Table 13). Almost half the corporations fully owned their machinery and equipment. Family farming corporations financed their machinery and equipment primarily through the local branch banks and the Production Credit Associations. The independents borrowed from the local independent banks and the Production Credit Associations. However, they also

financed with the dealer from whom they purchased equipment, local branch banks and other unspecified sources. Parent and subsidiary corporations depended upon nonlocal banks and internal financing.

Only 28 percent of the corporations reported livestock debt. Family farming corporations financed 80 percent of their livestock debt about equally from local branch banks and Production Credit Associations. More than 90 percent of the independent farming corporations' livestock financing was obtained from local branch banks and the Production Credit Associations. All livestock debt financing by subsidiary corporations was from nonlocal bank sources.

Table 12. Source of Mortgage Capital, Oregon's Farming Corporations

Type of farming corporation	Sources					
	Not mortgaged	Federal land bank	Insurance company	Local branch bank	Local independent bank	Non-local bank
	(Percent of farms)					
Family	24.0	32.8	11.0	3.9	1.2	1.0
Independent	19.6	10.9	17.4	4.3	0.0	2.2
Parent	40.0	0.0	0.0	0.0	0.0	0.0
Subsidiary	28.6	14.3	14.3	0.0	0.0	0.0
Percent of total	23.8	30.0	11.6	3.9	1.1	1.1
Total number	111	140	54	18	5	5

Table 12. (Continued)

Type of farming corporation	Sources						Total percent	Total number
	Farmers Home Administration	Private Individual	Parent corporation or subsidiary	Financial Corporation	Other			
	(Percent of farms)							
Family	0.7	19.9	0.0	0.7	4.7	100.0	408	
Independent	4.3	37.0	0.0	0.0	4.3	100.0	46	
Parent	0.0	40.0	20.0	0.0	0.0	100.0	5	
Subsidiary	0.0	0.0	42.9	0.0	0.0	100.0	7	
Percent of total	1.1	21.5	0.9	0.6	4.5	100.0		
Total number	5	100	4	3	21		466 ^{a/}	

^{a/} Some firms used more than one source.

Table 13. Source of Financing for Machinery and Equipment, Oregon's Farming Corporations

Type of farming corporation	Sources					
	Fully owned	Dealer where purchased	Local branch bank	Local independent bank	Non-local bank	Production Credit Association
	(Percent of farms)					
Family	46.4	4.4	21.1	4.6	1.3	16.0
Independent	59.0	5.1	5.1	7.7	2.6	7.7
Parent	40.0	0.0	0.0	0.0	0.0	0.0
Subsidiary	66.7	0.0	0.0	0.0	16.7	0.0
Percent of total	47.7	4.3	19.2	4.8	1.6	14.8
Total number	209	19	84	21	7	65

Table 13. (Continued)

Type of farming corporation	Sources				Total percent	Total number
	Private individual	Parent corporation or subsidiary	Other			
	(Percent of farms)					
Family	3.6	0.3	2.3		100.0	388
Independent	2.6	0.0	10.3		100.0	39
Parent	0.0	40.0	20.0		100.0	5
Subsidiary	0.0	16.7	0.0		100.0	6
Percent of total	3.4	0.9	3.2		100.0	
Total number	15	4	14			438 ^{a/}

^{a/} Some firms used more than one source.

Almost three-fourths of Oregon farming corporations annually borrowed operating capital (Table 14). Family and independent corporations depended heavily upon the local branch banks, Production Credit Associations and local independent banks for operating capital. However, parent and subsidiary corporations depended upon local independent banks, nonlocal banks, and their parent or subsidiary corporations for operating capital.

Table 14. Source of Operating Capital, Oregon's Farming Corporations

Type of farming corporation	Source					
	None borrowed	Local branch bank	Local independent bank	Non-local bank	Production Credit Association	Firms where supplies and services purchased
	(Percent of farms)					
Family	26.8	36.0	10.5	1.3	20.0	0.8
Independent	31.9	34.0	6.4	2.1	14.9	2.1
Parent	40.0	0.0	0.0	20.0	0.0	0.0
Subsidiary	20.0	0.0	20.0	20.0	0.0	0.0
Percent of total	27.4	35.0	10.1	1.8	19.0	0.9
Total number	125	160	46	8	87	4

Table 14. (Continued)

Type of farming corporation	Source				Total percent	Total number
	Private individual	Parent corporation or subsidiary	Other			
	(Percent of farms)					
Family	3.3	0.0	1.5		100.0	400
Independent	4.3	2.1	2.1		100.0	47
Parent	0.0	40.0	0.0		100.0	5
Subsidiary	0.0	40.0	0.0		100.0	5
Percent of total	3.3	1.1	1.5		100.0	
Total number	15	5	7			457 ^{a/}

^{a/} Some firms used more than one source.

Purchasing Practices

The data indicate consistently strong support of local businesses by Oregon farming corporations (Table 15). More than 90 percent of the family farming corporations purchased all their trucks, pickups, automobiles, irrigation equipment, fertilizer, agricultural chemicals, petroleum products, repair services and custom farming operations from local sources. In addition, more than 80 percent purchased all tractors and farm machinery, tools and miscellaneous equipment, general supplies and other services from local businesses. Independent farming corporations are even more loyal to local businesses, with more than 90 percent purchasing all equipment and supplies locally. Parent corporations depend less heavily upon local sources for all repair services, general supplies and other services. Similarly, 80 percent or more of subsidiary corporations purchase 100 percent of needs except repair services, general supplies and other services from local businesses. Thus, it would appear that Oregon's farming corporations do have a strong local orientation in their day-to-day agricultural operations.

Table 15. Percent of Input Purchases from Local Firms, Oregon's Farming Corporations ^{a/}

Type of input purchased	Less than 100%	100 percent	Total number
Tractors and farm machinery	12.3	87.7	375
Trucks, pickups, auto, etc.	8.0	92.0	374
Tools and miscellaneous equipment	11.0	89.0	374
Irrigation equipment	6.5	93.5	307
Fertilizer	2.5	97.5	362
Agricultural chemicals	4.2	95.8	359
Petroleum products	2.9	97.1	374
Repair services	7.3	92.7	377
General supplies	13.6	86.4	382
Custom operations	2.8	97.2	281
Other services	17.5	82.5	307

^{a/} For a detailed breakdown by type of farming corporation, see Appendix A-I.

Community Participation

The representatives of Oregon's farming corporations who completed the questionnaires were asked to indicate their participation in various community activities. More than half indicated that they held membership in a commodity organization, almost half were members of the Farm Bureau and a lesser percentage were members of the National Farmer's Organization, Grange or Farmer's Union (Table 16). Many also were active in a local fraternal organization (44%), held membership in the local chamber of commerce (24%) or a local service club (13%). They were not strangers to elective office. Nearly 18 percent had served on a school board, 3.2 percent as a county commissioner, and 2.1 percent as a city councilman. Parent and subsidiary corporations showed little interest in membership in the agricultural organizations or elective offices. However, they were quite active in local fraternal organizations, chambers of commerce and service clubs.

Table 16. Community Participation, Oregon's Farming Corporations

Type of farming Corporation	Type of organization					
	Local chamber of commerce	Local service club	Local fraternal organization	Grange	National farmers organization	Farm Bureau
(Percent of total)						
Family	19.2	10.6	38.3	10.4	12.5	44.3
Independent	3.2	1.8	4.8	1.6	1.2	2.3
Parent	0.7	0.2	0.5	0.2	0.0	0.0
Subsidiary	1.2	0.2	0.7	0.0	0.0	0.0
Total	24.3	12.8	44.3	12.2	13.7	46.6
Total number	105	56	195	54	60	204

Table 16. (Continued)

Type of farming corporation	Type of organization					
	Farmers union	Commodity organization	County commission	School board	City council	Other organization
	(Percent of total)					
Family	0.7	48.3	3.2	16.4	1.4	12.0
Independent	0.2	3.9	0.0	1.4	0.7	1.6
Parent	0.0	0.2	0.0	0.0	0.0	0.0
Subsidiary	0.0	0.7	0.0	0.0	0.0	0.2
Total	0.9	53.1	3.2	17.8	2.1	13.8
Total number	4	232	14	78	9	60

CHARACTERISTICS OF OREGON'S FARMING CORPORATIONS BY TYPE OF OPERATION

This study has looked at the characteristics of Oregon's farming corporations by type of corporate structure. Now their characteristics by type of operation will be examined. ^{10/} Those farms producing grass seed, truck crops and cattle all had more than 20 percent reporting no real estate mortgages (Table 17). The Federal Land Bank was the major source of mortgage money for all types of operations except truck crop farming, where insurance companies and private individuals were more important sources. Private individuals and insurance companies ranked second and third as sources for the other operations. Only in the case of truck crop farming did any other source provide mortgage money to as many as 10 percent of the respondent operations.

At least 40 percent of all types of farming operations had fully owned machinery and equipment (Table 18). Local branch banks and Production Credit Associations provided most of the credit used. Nonlocal banks and parent or

^{10/} Interpretation of this section must be done carefully because some degree of double counting is present. For example, if a respondent indicated information was for both a cattle ranch and a wheat farm, data from that questionnaire was included in both columns.

subsidiary corporations provided less than two percent of this type of credit. Local branch banks and Production Credit Associations also provided most of the financing for livestock.

Table 17. Source of Mortgage Capital, by Type of Farming Operation

Sources of real estate credit	Type of farming/ranching operation				
	Truck crop farm	Field crop farm	Wheat farm	Grass seed farm	Cattle ranch
	(Percent of total)				
Not mortgaged	21.5	15.1	16.9	22.7	20.7
Federal Land Bank	17.8	30.2	38.2	35.6	33.9
Insurance company	21.5	17.8	14.9	11.4	13.2
Local branch bank	10.3	4.0	2.5	3.0	2.8
Local independent bank	0.0	0.0	1.1	3.0	0.5
Non-local bank	3.7	1.8	1.7	1.5	1.0
Farmers Home Administration	0.0	0.0	0.0	0.0	1.5
Private individual	21.5	21.8	21.6	15.9	21.7
Parent corporation or subsidiary	0.0	1.8	0.6	0.0	0.5
Financial corporation	0.0	0.0	0.0	0.0	1.0
Other	3.7	7.6	2.5	6.8	3.2
Total	100.0	100.0	100.0	100.0	100.0
Total number	51	106	167	62	189

More than one-fifth of the farming and ranching operations analyzed borrowed no operating capital (Table 19). Local branch banks, Production Credit Associations and local independent banks were the sources for approximately 90 percent of the operating capital borrowed.

Grass seed farmers ranked consistently first in purchasing 100 percent of most of their farm inputs locally relative to the other farm or ranch operations considered. Cattle ranch operations ranked higher for fertilizer, petroleum products and custom operations and/or harvesting. Truck crop farms, field crop farms and wheat farms were similar in their purchasing practices.

Table 18. Source of Financing for Machinery and Equipment, by Type of Farming Operation

Sources of machinery and equipment credit	Type of farming/ranching operation				
	Truck crop farm	Field crop farm	Wheat farm	Grass seed farm	Cattle ranch
	(Percent of total)				
Fully owned	46.5	40.0	41.2	45.5	40.0
Dealer where purchased	0.0	7.7	5.2	6.2	4.2
Local branch bank	21.3	25.8	24.2	23.4	23.4
Local independent bank	7.1	7.7	7.8	4.8	5.2
Non-local bank	1.6	1.7	2.0	0.0	1.8
Production Credit Association	14.2	10.3	9.8	7.6	17.7
Private individual	3.9	3.0	4.0	6.2	2.3
Parent corporation or subsidiary	1.6	0.0	0.0	1.4	0.5
Other	3.9	3.9	5.8	4.8	4.7
Total	100.0	100.0	100.0	100.0	100.0
Total number	56	105	153	64	170

Table 19. Sources of Operating Capital, by Type of Farming Operation

Sources of operating capital	Type of farming/ranching operation				
	Truck crop farm	Field crop farm	Wheat farm	Grass seed farm	Cattle ranch
	(Percent of total)				
None borrowed	21.1	26.1	23.3	26.1	22.4
Local branch bank	42.3	40.3	40.9	41.8	36.3
Local independent bank	12.2	14.6	13.7	16.4	6.2
Non-local bank	1.6	1.8	2.1	0.0	2.8
Production Credit Association	19.5	13.3	16.1	12.7	24.0
Firms where supplies and services purchased	0.0	0.0	0.6	0.0	1.0
Private individual	1.6	4.0	2.7	3.0	3.9
Parent corporation or subsidiary	1.6	0.0	0.0	0.0	1.0
Other	0.0	0.0	0.6	0.0	2.3
Total	100.0	100.0	100.0	100.0	100.0
Total number	57	104	154	62	179

The most frequent level of total gross receipts reported by the five types of farming and ranching operations considered was between \$100,000 and \$499,999. All the gross receipts for most operations were from farming and ranching. Of those with other income sources, gross receipts from agricultural services were highest in field crop and wheat farming. Truck crop farms, grass seed farms and cattle ranches were a close second. Gross receipts from processing farm products occurred most frequently in field crop and grass seed operations and least frequently in cattle ranching operations. Outside income from selling farm products was reported most frequently in wheat farming operations and least frequently by truck crop farms. It was interesting to note that gross receipts from businesses outside the food and fiber industry, although not prevalent, appeared most frequently in cattle ranching operations, which had more than 50 percent of the reported cases. Truck crop farms reported gross receipts from businesses outside the food and fiber industry least frequently.

COMMENTS

This study, presenting data from almost three-fourths of the corporate farms in Oregon identified by the 1974 Census of Agriculture, provides a much improved information base for evaluating the appropriate place of farming corporations in Oregon's agricultural future. Because most farming corporations are incorporated family farms, it may be most important to note the differences that may exist between family farming corporations and other types. Analysis of this type should be helpful to lawmakers in defining specific objectives in any future legislation. It should also be helpful in designing more effective legislation proposed to accomplish the defined objectives.

APPENDIX

Table A-I. Purchasing Characteristics of Oregon's Farming Corporations

Type of farming corporation	Percent of farm input purchases from local firms							
	Tractors and farm machinery				Trucks, pickups, autos, etc.			
	Less than 100%	100%	Total percent	Total number	Less than 100%	100%	Total percent	Total number
(Percent of farms)								
Family	13.3	86.7	100.0	339	8.7	91.3	100.0	335
Independent	0.0	100.0	100.0	29	0.0	100.0	100.0	31
Parent	0.0	100.0	100.0	2	0.0	100.0	100.0	3
Subsidiary	20.0	80.0	100.0	5	20.0	80.0	100.0	5
Total	12.3	87.7	100.0	375	8.0	92.0	100.0	374

Table A-I. (Continued)

Type of farming corporation	Percent of farm input purchases from local firms							
	Tools and miscellaneous equipment				Irrigation equipment			
	Less than 100%	100%	Total percent	Total number	Less than 100%	100%	Total percent	Total number
(Percent of farms)								
Family	11.4	88.6	100.0	334	6.8	93.2	100.0	278
Independent	6.5	93.5	100.0	31	4.5	95.5	100.0	22
Parent	0.0	100.0	100.0	3	0.0	100.0	100.0	3
Subsidiary	16.7	83.3	100.0	6	0.0	100.0	100.0	4
Total	11.0	89.0	100.0	374	6.5	93.5	100.0	307

Table A-I. (Continued)

Percent of farm input purchases from local firms								
Type of farming corporation	Fertilizer				Agricultural chemicals			
	Less than 100%	100%	Total percent	Total number	Less than 100%	100%	Total percent	Total number
(Percent of farms)								
Family	2.4	97.6	100.0	328	4.3	95.7	100.0	325
Independent	0.0	100.0	100.0	26	3.7	96.3	100.0	27
Parent	0.0	100.0	100.0	3	0.0	100.0	100.0	3
Subsidiary	20.0	80.0	100.0	5	0.0	100.0	100.0	4
Total	2.5	97.5	100.0	362	4.2	95.8	100.0	359

Table A-I. (Continued)

Percent of farm input purchases from local firms								
Type of farming corporation	Petroleum products				Repair services			
	Less than 100%	100%	Total percent	Total number	Less than 100%	100%	Total percent	Total number
(Percent of farms)								
Family	3.0	97.0	100.0	335	6.5	93.5	100.0	339
Independent	0.0	100.0	100.0	31	6.9	93.1	100.0	29
Parent	0.0	100.0	100.0	3	33.3	66.7	100.0	3
Subsidiary	20.0	80.0	100.0	5	50.0	50.0	100.0	6
Total	2.9	97.1	100.0	374	7.4	92.6	100.0	377

Table A-I. (Continued)

Percent of farm input purchases from local firms												
Type of farming corporation	General supplies				Custom farming operations				Other services			
	Less than 100%	100%	Total percent	Total number	Less than 100%	100%	Total percent	Total number	Less than 100%	100%	Total percent	Total number
(Percent of farms)												
Family	13.0	87.0	100.0	338	3.1	96.9	100.0	256	16.4	83.6	100.0	330
Independent	9.7	90.3	100.0	31	0.0	100.0	100.0	25	20.0	80.0	100.0	30
Parent	33.3	66.7	100.0	3	0.0	100.0	100.0	1	50.0	50.0	100.0	2
Subsidiary	66.7	33.3	100.0	6	0.0	100.0	100.0	4	66.7	33.3	100.0	6
Total	13.8	86.2	100.0	378	2.8	97.2	100.0	285	17.7	82.3	100.0	368

Confidential

Information provided will be immediately coded upon receipt and the questionnaire destroyed.

Corporations in Oregon Agriculture

Department of Agricultural and Resource Economics
Oregon State University
Spring 1976

- 1.1 Yes No Is this farm or ranch operation incorporated?
If NO, do not complete the questionnaire, but please enclose in self-addressed envelope and return it to us. Thank you.
If YES, is it a:
- 1.2 Family farm/ranch corporation--over 50% of stock owned by persons related by blood or marriage.
 Independent corporation not owned or controlled by another corporation
 Parent corporation with subsidiaries
 Subsidiary of another corporation (Please identify parent corporation) _____
- 1.3 Yes No Is it headquartered in Oregon?
- 1.4 Yes No Is this corporation chartered in Oregon?
- 1.5 How many stockholders does the corporation have?
 5 or less
 6 to 10
 11 to 50
 More than 50
- 1.6 Yes No Does one individual own controlling interest in this corporation?
- 1.7 Yes No Has this corporation selected to be taxed as a partnership (Subchapter S)?

- 1.8 Yes No Does this corporation have farming/ranching operations outside of Oregon?
- 1.9 How long has this operation been incorporated?
- Less than 5 years
- 6 to 10 years
- 11 to 25 years
- More than 25 years
- 2.0 How long was this unit in farming or ranching prior to incorporating?
- Was not in agricultural production
- Less than 10 years
- 10 years or more
- 2.1 How much farm or ranch land has this corporation bought in Oregon since 1960?
- None
- Less than 100 acres
- 100 - 999 acres
- 1,000 - 4,999 acres
- 5,000 - 9,999 acres
- 10,000 acres or more
- 2.2 How would you describe this corporation's farming/ranching operation?
- | | |
|----------------------------------------------------|------------------------------------------------|
| <input type="checkbox"/> Truck crop farm | <input type="checkbox"/> Dairy |
| <input type="checkbox"/> Nursery | <input type="checkbox"/> Cattle ranch |
| <input type="checkbox"/> Berry farm | <input type="checkbox"/> Sheep ranch |
| <input type="checkbox"/> Tree fruit farm (orchard) | <input type="checkbox"/> Layer (egg) operation |
| <input type="checkbox"/> Field crop farm | <input type="checkbox"/> Broiler operation |
| <input type="checkbox"/> Wheat farm | <input type="checkbox"/> Turkey farm |
| <input type="checkbox"/> Grass seed farm | <input type="checkbox"/> Other (specify) |
-

2.3 How many acres of farm/ranch land does this corporation own at this location?

_____ acres irrigated cropland
_____ acres non-irrigated cropland
_____ acres range or pastureland
_____ acres timberland
_____ acres other (specify type) _____

2.4 How many acres of farm/ranch land does this corporation own elsewhere in Oregon?

_____ acres irrigated cropland
_____ acres non-irrigated cropland
_____ acres range or pastureland
_____ acres timberland
_____ acres other (specify type) _____

2.5 How many acres does this corporation rent or lease and farm as part of this operation?

_____ acres irrigated cropland
_____ acres non-irrigated cropland
_____ acres range or pastureland
_____ acres timberland
_____ acres other (specify type) _____

2.6 How many acres does this corporation lease to others to farm?

_____ acres irrigated cropland
_____ acres non-irrigated cropland
_____ acres range or pastureland
_____ acres timberland
_____ acres other (specify type) _____

2.7

How many livestock does this operation typically have?

<u>Number</u>	
_____	Beef brood cows
_____	Dairy cows
_____	Breeding ewes
_____	Brood sows
_____	Laying hens
_____	Broilers
_____	Turkeys
_____	Feeder cattle
_____	Feeder lambs
_____	Feeder pigs
_____	Horses
_____	Other (specify)

2.8

What percentage of this corporation's gross receipts come from the following activities?

%	Farming/ranching (production of agricultural products)
%	Providing agricultural services (custom work, etc.)
%	Supplying farm production inputs
%	Providing marketing services (auctions, transportation, grain elevator, etc.)
%	Processing farm products
%	Wholesaling or retailing farm products
%	Other business outside the food and fiber industry (specify) _____
100 %	

2.9

What were the approximate total gross receipts (farm and non-farm) of this corporation during 1975?

- Less than \$25,000
- \$25,000 to \$49,999
- \$50,000 to \$99,999
- \$100,000 to \$499,999
- \$500,000 to \$999,999
- \$1,000,000 to \$4,999,999
- \$5,000,000 and over

3.0

What is your estimate of the market value of the:

- \$ _____ Irrigated cropland (per acre)
 - \$ _____ Non-irrigated cropland (per acre)
 - \$ _____ Range or pastureland (per acre)
 - \$ _____ Timberland (per acre)
 - \$ _____ Other land (per acre) specify type _____
 - \$ _____ Buildings
 - \$ _____ Machinery and equipment
 - \$ _____ Irrigation system (if other than flood)
 - \$ _____ Livestock or poultry
 - \$ _____ Other farming/ranching assets (specify type)
-

3.1

Who holds the mortgage on the land?

- Not mortgaged
- Federal land bank
- Insurance company
- Local chain bank
- Local independent bank
- Non-local bank
- Farmer's Home Administration
- Private individual
- Parent corporation or subsidiary
- Financial corporation
- Other (please specify) _____

3.2

Who finances the corporation's machinery and equipment (including your irrigation system)?

- All machinery and equipment fully owned
- Dealer from whom machinery or equipment purchased
- Local chain bank
- Local independent bank
- Non-local bank
- Production credit association
- Farmer's Home Administration
- Private individual
- Parent corporation or subsidiary
- Other (please specify) _____

3.3

Who finances the the corporation's livestock debt?

- No livestock owned
- Livestock owned clear of debt
- Local chain bank
- Local independent bank
- Non-local bank
- Production credit association
- Farmer's Home Administration
- Private individual
- Parent corporation or subsidiary
- Other (specify) _____

3.4

From whom does this corporation obtain its operating capital each year?

- Generated inside the corporation (none borrowed)
- Local chain bank
- Local independent bank
- Non-local bank
- Production credit association
- Farmer's Home Administration
- Firms where supplies and services purchased
- Private individual
- Parent corporation or subsidiary
- Other (specify) _____

3.5

How many full-time workers do you have in this farming/ranching operation?

3.6

How many are hired workers rather than family members?

3.7

How many part-time workers are normally used?

3.8

How many are hired part-time workers rather than family members?

3.9

Who provides the management for this farming/ranching operation?

- Major stockholder operator
- Minor stockholder operator
- Hired manager (non-stockholder)
- Management firm
- Bank, insurance company or other financial firm
- Other (specify)

4.0 What proportion of this corporation's crops were produced under contract in 1975?

- None
- Less than 25%
- 25% to 49.9%
- 50% to 74.9%
- Over 75%
- All grown under contract

4.1 What proportion of this corporation's livestock or poultry was produced under contract or forward contracted for sale in 1975?

- None
- Less than 25%
- 25% to 49.9%
- 50% to 74.9%
- Over 75%
- All

4.2 _____ % What percent of this operation's farming/ranching output was processed through its own corporate facilities (including parent corporation's or subsidiary's)?

4.3 What percent of the following inputs into this farming/ranching operation are normally purchased from:

Local firms	Non-local firms	Parent corporation or subsidiary	
_____ %	_____ %	_____ %	Tractors and farming machinery
_____ %	_____ %	_____ %	Trucks, pickups, autos, etc.
_____ %	_____ %	_____ %	Tools and miscellaneous equipment
_____ %	_____ %	_____ %	Irrigation equipment
_____ %	_____ %	_____ %	Fertilizer
_____ %	_____ %	_____ %	Agricultural chemicals
_____ %	_____ %	_____ %	Petroleum products
_____ %	_____ %	_____ %	Repair services
_____ %	_____ %	_____ %	General supplies
_____ %	_____ %	_____ %	Custom operations and/or harvesting
_____ %	_____ %	_____ %	Services such as lawyers, insurance, medical, etc.

4.4 Are you a member of or elected to any of the following?

- Local Chamber of Commerce or similar organization
- Local service club (Rotary, Kiwanis, etc.)
- Local fraternal organization (BPOE, Masonic Order, etc.)
- Grange
- National farmers organization
- Farm Bureau
- Farmers union
- Commodity organization (Wheat League, Cattlemen, etc.)
- County Commission
- School Board
- City Council
- Other (specify) _____

4.5 Yes No Do you or any member of your family living with you work off the farm/ranch?

4.6 If YES, please specify relationship. _____

4.7 Yes No Did this operation make a profit (pay income taxes) in 1975? (If Subchapter S, did it pass income exceeding expenses back to shareholders?)

4.8 Why is this operation incorporated?

- To facilitate estate transfer
- To obtain operating capital
- To obtain capital to purchase farm/ranch
- To gain limited liability
- To provide for continuing operation
- To be able to hire better management
- To obtain "tax losses" to write off other income
- Other (specify) _____

5.0 Yes No If you are a shareholder reporting a family corporation, are you a shareholder in other farming/ranching corporations?

5.1 What is your position in this firm?
(specify) _____

Check here if you wish to receive the summary report.

THANK YOU VERY MUCH FOR YOUR COOPERATION.