

GENERAL EXPLANATION Continued

greater for increased total corporate receipts than for increased agricultural sales.

Subchapter S corporations have sometimes been used to approximate farming corporations with low levels of agricultural sales. Table 20 shows that Subchapter S status is not a good indication of size. Almost 5 percent of the Subchapter S corporations had agricultural sales of \$1 million and over.

Table 21 indicates that 19 percent of the firms with agricultural sales of \$1 million and over and 9 percent of those with total corporate receipts of \$5 million and over made use of the Subchapter S tax option.

Shareholders—In the 1969 Census of Agriculture, corporations were divided into those with 10 or fewer shareholders and those with more than 10 shareholders. The former were thought by some to be representative of family size corporations. In this survey, corporations with one to five shareholders appear to more closely approximate family corporations. Tables 4 and 10 show that both family corporations and those with one to five shareholders account for about 80 percent of corporate firms and slightly more than 50 percent of the value of agricultural products sold. Each also contains a little more than 80 percent of the Subchapter S corporations. A comparison of tables 18 and 22 shows that they are similar in other organizational characteristics as well.

Corporate Feedlots

Corporations operating cattle feedlots with a capacity of 2,000 head or more accounted for 37 percent of the value of agricultural products sold by corporate firms. The sale of cattle fattened for slaughter on grain and concentrates made up 88 percent of the value of agricultural products sold by these firms.

Fifty-five percent of these feedlot firms custom fed cattle for ranchers, farmers, or other investors and clients, and 53 percent of the cattle marketed from corporate feedlots were custom fed. Of the firms which custom fed cattle, 65 percent custom fed 80 percent or more of the cattle sold from their feed-

lots. Almost 70 percent of the cattle sold by firms with feedlot capacities of 20,000 to 49,999 head were custom fed. Only 40 percent of the cattle marketed by firms with feedlot capacities of 50,000 head or more were custom fed.

Less than 4 percent of the cattle feeding firms had feedlot capacities of 50,000 head or more, but they sold 26 percent

of the cattle from corporate feedlots. Ten of the 23 firms with this size capacity were publicly held corporations. Of the 13 privately held firms with this feedlot size, 12 have been producing agricultural products for 10 years or more.

Production activities and organizational characteristics of corporate cattle feedlots are presented in table 63.

Table 19. Organizational Characteristics by Total Corporate Receipts

| | Total | Under \$100,000 | \$100,000 to \$499,999 | \$500,000 to \$999,999 | \$1,000,000 to \$4,999,999 | \$5,000,000 and over |
|---|-------|-----------------|------------------------|------------------------|----------------------------|----------------------|
| Privately held firms.....percent.. | 100.0 | 39.8 | 40.5 | 9.0 | 8.0 | 2.7 |
| Average number of shareholders..... | 4.4 | 3.8 | 4.0 | 4.5 | 5.4 | 14.3 |
| Average number of related shareholders..... | 3.8 | 3.6 | 3.8 | 4.0 | 4.2 | 7.3 |
| Average number of years incorporated..... | 10.3 | 9.0 | 9.8 | 12.0 | 14.7 | 20.3 |
| Average number of years farming..... | 10.0 | 9.0 | 9.5 | 11.5 | 13.8 | 17.2 |
| Subchapter S corporations.....percent.. | 100.0 | 42.6 | 44.2 | 7.3 | 5.1 | .8 |
| Firms managed by own shareholders.....percent.. | 90.4 | 95.5 | 88.8 | 87.3 | 83.9 | 66.9 |

Table 20. Organizational Characteristics by Value of Agricultural Products Sold

| | Total | Under \$50,000 | \$50,000 to \$99,999 | \$100,000 to \$499,999 | \$500,000 to \$999,999 | \$1,000,000 and over |
|---|-------|----------------|----------------------|------------------------|------------------------|----------------------|
| Privately held firms.....percent.. | 100.0 | 29.3 | 16.0 | 39.5 | 8.0 | 7.2 |
| Average number of shareholders..... | 4.4 | 4.0 | 4.0 | 4.2 | 4.7 | 7.5 |
| Average number of related shareholders... | 3.8 | 3.5 | 3.8 | 3.9 | 4.0 | 4.8 |
| Average number of years incorporated..... | 10.3 | 9.8 | 9.3 | 10.1 | 12.0 | 14.4 |
| Average number of years farming..... | 10.0 | 9.7 | 9.0 | 9.8 | 11.6 | 13.9 |
| Subchapter S corporations.....percent.. | 100.0 | 29.5 | 16.4 | 42.9 | 6.6 | 4.6 |
| Firms managed by own shareholders.....percent.. | 90.4 | 93.0 | 96.1 | 88.3 | 87.6 | 80.8 |

Table 21. Subchapter S Status by Measures of Corporate Size

| | All subchapter S corporations | Taxed as subchapter S corporations | Not taxed as subchapter S corporations | Tax option not reported |
|--------------------------------------|-------------------------------|------------------------------------|--|-------------------------|
| Firms..... | 100.0 | 29.6 | 49.6 | 20.8 |
| Value of agricultural products sold: | | | | |
| Under \$50,000..... | 100.0 | 29.9 | 43.5 | 26.6 |
| \$50,000 to \$99,999..... | 100.0 | 30.5 | 42.6 | 26.9 |
| \$100,000 to \$499,999..... | 100.0 | 32.1 | 51.7 | 16.2 |
| \$500,000 to \$999,999..... | 100.0 | 24.2 | 60.0 | 15.8 |
| \$1,000,000 and over..... | 100.0 | 18.9 | 66.3 | 14.8 |
| Total corporation business receipts: | | | | |
| Under \$100,000..... | 100.0 | 31.7 | 40.0 | 28.3 |
| \$100,000 to \$499,999..... | 100.0 | 32.4 | 51.2 | 16.4 |
| \$500,000 to \$999,999..... | 100.0 | 23.8 | 60.1 | 16.1 |
| \$1,000,000 to \$4,999,999..... | 100.0 | 19.0 | 67.5 | 13.5 |
| \$5,000,000 and over..... | 100.0 | 8.9 | 77.5 | 13.6 |

Table 22. Organizational Characteristics by Number of Shareholders

| | All privately held corporations | 1 to 5 shareholders | 6 to 10 shareholders | 11 to 15 shareholders | 16 shareholders or more | Shareholders not reported |
|---|---------------------------------|---------------------|----------------------|-----------------------|-------------------------|---------------------------|
| Privately held firms.....percent.. | 100.0 | 79.9 | 14.3 | 1.3 | 1.7 | 2.8 |
| Average number of shareholders.... | 4.4 | 3.0 | 7.3 | 12.7 | 38.7 | - |
| Average number of related shareholders..... | 3.8 | 2.9 | 6.7 | 10.8 | 20.9 | - |
| Average number of years incorporated..... | 10.3 | 9.4 | 12.1 | 18.9 | 28.7 | 14.8 |
| Average number of years farming..... | 10.0 | 9.1 | 11.6 | 17.9 | 25.7 | 18.3 |
| Subchapter S corporations.....percent.. | 100.0 | 81.0 | 18.6 | - | - | .4 |
| Firms managed by own shareholders.....percent.. | 90.4 | 93.5 | 89.6 | 79.7 | 66.0 | 23.1 |