

1974 Census of Agriculture

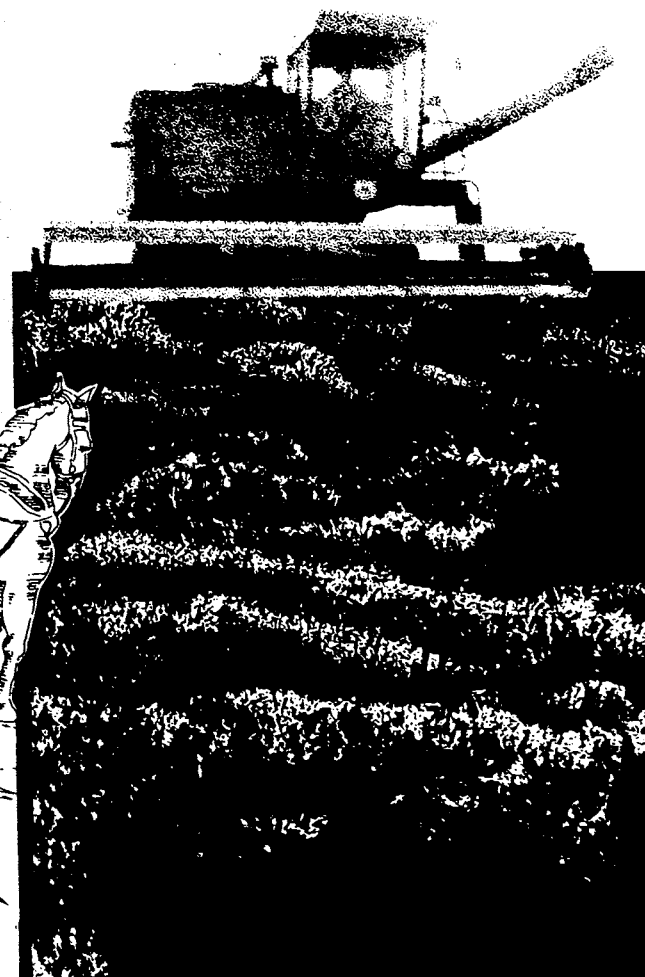
U.S. Department of Commerce
BUREAU OF THE CENSUS

U.S. Department of Agriculture
ECONOMICS, STATISTICS, AND
COOPERATIVES SERVICE

Volume IV
Special Reports

Part 6

Partnerships in Agricultural Production



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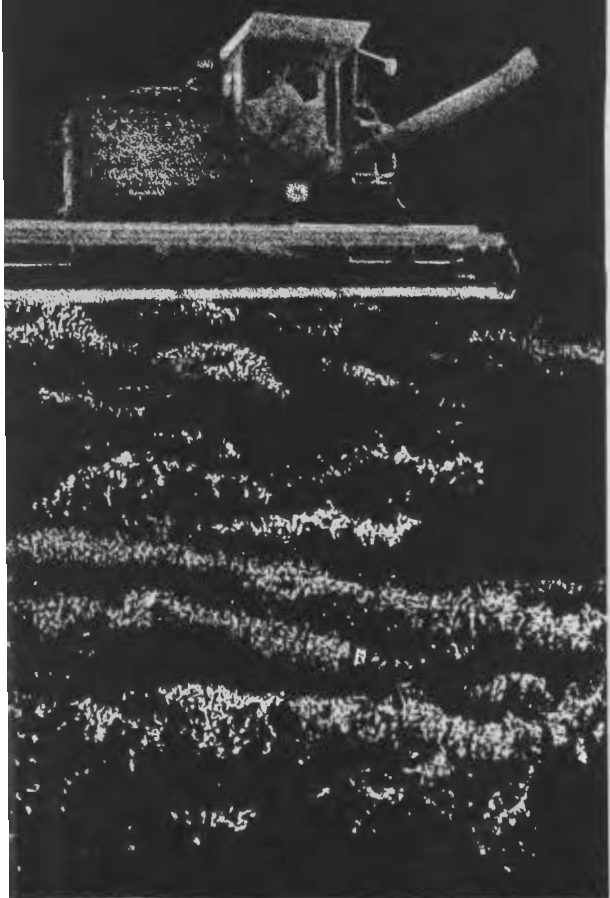
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U.S. Department of Commerce
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Courtenay M. Slater,
Chief Economist

BUREAU OF THE CENSUS
Manuel D. Plotkin,
Director

U.S. Department of Agriculture
Bob Bergland, Secretary

**ECONOMICS, STATISTICS, AND
COOPERATIVES SERVICE**
Kenneth R. Farrell,
Administrator





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Robert L. Hagan, Deputy Director

Shirley Kallek, Associate Director
for Economic Fields

Richard B. Quanrud, Assistant Director
for Economic and Agriculture Censuses

AGRICULTURE DIVISION

Orvin L. Wilhite, Chief

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This report was prepared in the Agriculture Division under the general supervision of Orvin L. Wilhite, Chief, and Arnold L. Bollenbacher, Assistant Division Chief. John A. Blackledge, Chief of the Farm Economics Branch, assisted

by John H. Barrett, was responsible for overall planning. Specifications for editing and tabulations, as well as the text for this report, were prepared by John H. Barrett. Michael A. Guravage, Angelina Mockabee, Joseph Miles, Peter Tseng, and Eleanor F. Folk assisted in preparing and reviewing the statistical tables.

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REPORTS OF 1974 CENSUS OF AGRICULTURE

Preliminary Reports. Four pages of data published separately for each county having 10 farms or more, and for each State, the four geographic regions, and the United States. The statistics printed in these reports are superseded by those in the final reports, Volumes I through IV.

Volume I. State and County Data. One for each State, the United States, Puerto Rico, Guam, and the Virgin Islands, covering the area and its subdivisions. The reports for the States contain data for all farms and farms with sales of \$2,500 and over. Chapter I contains detailed data at the State level classified by size of farm, tenure and age of farm operator, type of organization, value of products sold, and major type of farm; Chapter II, county data summarized by subject; Chapter III, county data by subject for miscellaneous crop and livestock items found in relatively few counties; Chapter IV, county data by county.

Volume II. Statistics by Subject. Nine parts containing data for the United States, geographic regions and divisions, and States, for all farms and farms with sales of \$2,500 and over.

Volume III. Agricultural Services. Data by county for each State covering establishments whose primary activities are providing agricultural services. Data at the U.S., State, and county levels for all establishments are presented for selected four-digit standard industrial classification codes by size and type of organi-

zation. Data shown include dollar volume of business, gross receipts from products provided, gross receipts, labor and payroll by type of service performed, capital expenditures, and expenditures for electricity, gasoline, petroleum, and other fuels.

Volume IV. Special Reports.

Part 1. Graphic Summary. Profiles the Nation's agricultural system in a series of U.S. maps, a number of which are printed in color. The characteristics of America's farms in 1974 are illustrated for crops, livestock, and many other characteristics.

Part 2. Ranking Counties and States. Reports on the top ranking 100 counties and 10 States in descending order of importance for 88 selected items for 1974 with comparative data for 1969.

Part 3. Coverage Evaluation. Shows the completeness of the agriculture census for States, geographic divisions, and the United States. Data also show the characteristics of farms missed by value of sales and by selected standard industrial (type-of-farm) classifications. Sampling reliability of the estimate of coverage is shown by value of sales classifications.

Part 4. Procedural History. A comprehensive summary of the procedures used in conducting the 1974 Census of Agriculture in the 50 States, Puerto Rico, Guam, and the Virgin Islands. The history explains the procedures used from early planning and testing through tabulation and publication of the final reports.

Part 5. Corporations in Agricultural Production. Presents U.S. and selected State data on farm production characteristics and nonfarm business activities for corporations reporting agricultural operations, including the proportions of business receipts from farm, farm-related, and nonfarm-related business activities. Where appropriate, production characteristics are related to corporate characteristics.

Part 6. Partnerships in Agricultural Production. Reports in depth on characteristics of farm partnerships for 1976 for the United States, with selected data for States. The survey data are based on a sample of partnerships selected from the 1974 Census of Agriculture. Where appropriate, related characteristics reported in the 1974 census are shown. The report has been prepared in cooperation with Economic Statistics and Cooperative Service, U.S. Department of Agriculture.

Part 7. Agricultural Production and Marketing Contracts. Presents detailed information on eight commodities produced and/or marketed under production and marketing contracts in 1977: Feeder and stocker cattle, fattened cattle, feeder pigs, slaughter hogs, broilers, layers, tomatoes, and potatoes. Data are presented for groups of States comprising areas of concentration, based on samples of farms reporting contracts in the 1974 Census of Agriculture. The report has been prepared in cooperation with the Economic Statistics and Cooperative Service, U.S. Department of Agriculture.

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INTRODUCTION

Authority, Area Covered, and History

The 1974 Census of Agriculture was taken in accordance with the provisions of title 13, United States Code, reaffirmed by section 818 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86). Sections 142(a) and 191 of title 13 provide for a census of agriculture every 5 years in each State, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. The 1974 census is the 20th nationwide census of agriculture and the second conducted primarily by mail.

Reasons for Survey

The Survey of Farm or Ranch Partnership Operations provides a needed measure of specialized information about the organizational characteristics of farm partnerships. There is a great interest by agricultural economists, rural sociologists, and other groups in organizational practices which affect the preservation of the family farm.

This survey identifies the various kinds of partnerships that have evolved (legal, written, oral, etc.) their scale of operations, and the extent to which assets and management of several individuals have been brought together; it also differentiates between general and limited partnerships. This survey relates the key personal characteristics of partners to the characteristics of the farm. Data are available on contingency plans, as well as expected organizational changes of partnerships and the extent to which farm partnerships and their partners are engaged in other businesses, both farm related and nonfarm related.

It is hoped that this survey will provide planners, researchers, and legislators with the facts concerning farm partnerships that are needed for the future.

Preparing for the Survey

A pretest version of the survey report form was mailed in February 1976 to approximately 300 partnership farms not selected for participation in the survey proper. The development of this test form and the review of the test results were done in conjunction with the Economics, Statistics, and Cooperative Services (ESCS) of U.S. Department of Agriculture (USDA), who underwrote a portion of the survey cost. By May 1976, approximately 70 percent of these test forms had been received, without any followup attempts. Upon analyzing the results of the content test form, minor revisions to the report form were made.

Report Form

One basic three-page report form (see appendix) was used for all States. However, certain items included in the tabulations were linked to the 1974 census report form for each respondent. Linked items are identified in definitions and explanations. The reference year for the survey report form was 1976; thus, linked items should be viewed with caution, as changes could have occurred during the interim period. Instructions for completing the report form were printed on the form in association with each question. A cover letter explaining the purpose of the survey was also included in the mail package.

Office Processing

All report forms were reviewed prior to keying the data to magnetic tapes. Reports were subjected to a clerical screening review, during which significant notes or major problems were referred to statisticians for solution. Certain omissions, inconsistencies, and other problems that could not be resolved by reference to other information on the report and on the census report were resolved by contact (usually telephone) with the respondent.

The data for each report form were subjected to a detailed item-by-item computer edit. The program made comprehensive checks for consistency and reasonableness, corrected certain items found to be in error or inconsistent, and identified certain inconsistencies, and all large operations for technical review. No imputations were made for missing data during the computer edit operation.

The unexpanded and expanded counts of partnership reports tabulated by State, are shown in the table on page VI.

Presentation of Data

State tables 41 through 52 show farm counts by various characteristics. Summary table 17 shows detailed characteristics for the entire 143,413 partnerships selected for the survey. Summary table 18 shows detailed characteristics for the 81,738 on-going partnerships. That is, the table deals with 1974 partnerships that were still operating as partnerships in 1976. Summary table 19 shows detailed characteristics for the 11,263 partnerships that were dissolved after 1974 but before 1976. Summary table 20 shows

INTRODUCTION Continued

Partnership Farms in the Census of Agriculture and in the Survey

	Census	Survey		
		Original sample	Final return	
			Unexpanded	Expanded
United States.....	144,969	11,908	10,582	143,413
REGIONS				
Northeast.....	7,005	1,109	995	6,898
North Central.....	75,366	3,659	3,165	74,415
South.....	44,732	3,829	3,411	44,339
West.....	17,866	3,311	3,011	17,761
DIVISIONS				
New England.....	1,242	394	352	1,242
Middle Atlantic.....	5,763	715	643	5,656
East North Central.....	34,329	1,565	1,372	33,570
West North Central.....	41,037	2,094	1,793	40,845
South Atlantic.....	15,468	1,977	1,722	15,384
East South Central.....	15,054	1,014	884	14,760
West South Central.....	14,210	838	805	14,195
Mountain.....	8,082	2,270	1,964	7,903
Pacific.....	9,784	1,041	1,047	9,858
NEW ENGLAND				
Maine.....	261	84	75	255
New Hampshire.....	106	34	30	99
Vermont.....	339	107	97	330
Massachusetts.....	257	82	73	252
Rhode Island.....	31	11	8	39
Connecticut.....	248	76	69	267
MIDDLE ATLANTIC				
New York.....	2,822	260	238	2,830
New Jersey.....	535	239	204	516
Pennsylvania.....	2,406	216	201	2,310
EAST NORTH CENTRAL				
Ohio.....	7,241	323	287	7,180
Indiana.....	7,615	347	303	7,300
Illinois.....	9,996	303	257	9,750
Michigan.....	3,552	322	285	3,520
Wisconsin.....	5,925	270	240	5,820
WEST NORTH CENTRAL				
Minnesota.....	6,234	265	225	6,240
Iowa.....	11,279	345	305	11,280
Missouri.....	7,015	311	274	7,040
North Dakota.....	3,778	323	270	3,720
South Dakota.....	2,911	262	215	2,950
Nebraska.....	4,860	291	250	4,740
Kansas.....	4,960	297	254	4,875
SOUTH ATLANTIC				
Delaware.....	233	216	186	230
Maryland.....	914	278	248	900
Virginia.....	2,672	243	226	2,690
West Virginia.....	422	198	180	420
North Carolina.....	5,414	228	197	5,460
South Carolina.....	1,356	272	229	1,344
Georgia.....	2,718	233	194	2,670
Florida.....	1,739	309	262	1,670
EAST SOUTH CENTRAL				
Kentucky.....	7,449	323	283	7,280
Tennessee.....	3,937	227	197	3,825
Alabama.....	1,927	160	137	1,960
Mississippi.....	1,741	304	267	1,695
WEST SOUTH CENTRAL				
Arkansas.....	2,225	122	182	2,190
Louisiana.....	1,355	235	205	1,365
Oklahoma.....	2,786	247	214	2,780
Texas.....	7,844	234	204	7,860
MOUNTAIN				
Montana.....	1,693	303	259	1,675
Idaho.....	1,552	279	238	1,465
Wyoming.....	604	272	239	598
Colorado.....	2,062	366	318	2,120
New Mexico.....	702	313	284	654
Arizona.....	585	257	218	536
Utah.....	691	301	258	666
Nevada.....	193	179	150	189
PACIFIC				
Washington.....	1,594	251	340	1,596
Oregon.....	1,448	337	302	1,404
California.....	6,615	401	361	6,735
Alaska.....	18	18	15	18
Hawaii.....	109	34	29	105

detailed characteristics for the 50,412 partnerships that did not operate as farm partnerships in 1975 or 1976.

Summary tables 25 through 40 show detailed characteristics by subject for the 81,738 farm partnerships that were still operating as partnerships during 1976. Summary tables 21 through 24 show detailed characteristics by disposition for the farm partnerships that were dissolved after 1974 but before 1976.

Unpublished Data

Data collected, tabulated, and shown as totals for the United States are also available for geographic regions and di-

visions. All data tabulated for States are shown in this report.

For information on the content and cost of unpublished tabulations, please write to the Chief, Agriculture Division, Bureau of the Census, Washington, D.C. 20233.

Abbreviations and Symbols

The following symbols are used throughout the tables:

- Represents zero.
- Z Less than half of the unit reported.
- NA Not available.
- X Not applicable.

GENERAL EXPLANATION

Background

The trend toward specialization and larger-scale operations, together with increased capital requirements, have brought many organizational and managerial adjustments in our Nation's agriculture. A critical question that today's farm operators must answer is, "What organizational structure is best suited to meet the ever increasing demands of today and to cope with the changes of tomorrow?"

Since 1950, the average farm size has more than doubled, accompanied by a tenfold increase in the average investment in land and buildings. During this time, the value of farm products sold per farm has more than trippled.

Although the existence of farm partnerships is not a recent development, little was known about the types of arrangements and the extent to which the partners contributed resources or derived their livelihood from agriculture. The 1969 Census of Agriculture was the first census to enumerate farms by "type of organization." It and its successor (the 1974 Census of Agriculture) requested a "type of organization" for farms with sales of \$2,500 and over. This basic data provides information about the current structural organization of agriculture operations. However, a longer period of time must elapse before meaningful trends in organizational structure are clearly defined.

Definitions and Explanations

The following definitions and explanations relate to items which require a more detailed description than is in the tables. Many of the items are marked by an

asterisk, denoting that they came from the 1974 census reports.

A further discussion and more detailed analysis of the items included on the report forms and of the published data are given in Volume II, **Statistics by Subject**, part 1 of the 1974 Census of Agriculture.

***Partnership**—For census purposes, two or more persons who have agreed on the amount of their contribution (capital and effort) and the distribution of profits. Co-ownership of land by husband and wife or joint filing of income tax forms by husband and wife do not necessarily mean that a partnership exists unless there is some agreement as to sharing contributions, decisionmaking, profits, and liabilities.

***Land in farms**—The acreage designated in the tables as "land in farms" consists primarily of agricultural land used for crops, pasture, or grazing. It also includes woodland and wasteland not actually under cultivation nor used for pasture or grazing, provided it was part of the farm operator's total operation.

Land in farms is an operating unit concept and includes land owned and operated as well as land rented from others. Land used rent free was to be reported as land rented from others. Except for open range and grazing land used under government permits, all grazing land used by farmers or ranchers was included as "land in farms".

Value of land and buildings—The respondents were asked to report their estimate of the current market value of land and buildings owned, rented or leased from others, and rented or leased

to others. Market value refers to the respondent's estimate of what the land and buildings would sell for under market conditions.

The market value of land and buildings is based on the 1974 census reports for some of the summary tables, and for other tables from the Survey of Farm or Ranch Partnership Operations.

The term "farms" in the presentation of data denotes the number of partnership farms reporting the item.

***Farm operator characteristics**—Operator characteristics such as race or origin, residence, age, occupation, and off-farm work, were collected for all partnerships in the 1974 census. Data for age and occupation shown were obtained from 1974 census reports for selected cases.

***Farms by age of operator**—Age of the farm operator was obtained for all farms and for individual, family, or partnership operated farms. Age was obtained for the senior partner only in 1974.

***Senior partner**—Senior partner is the individual who completed one report form for the entire partnership farm operation. Separate reports were filled out for each individual place whenever individual members of the partnership operated farms separate from the partnership farm operation.

***Farms by principal occupation**—Farms by principal occupation refers to all members of the partnership and not just the senior partner.

***Value of agricultural products sold**—This item as collected in the census represents the gross market value before taxes and

GENERAL EXPLANATION Continued

production expenditures of all agricultural products sold or removed from the place in 1974 regardless of who received the payment. It includes receipts by the operator as well as the value of any shares received by partners, landlords, contractors and others associated with the place.

Counts of partnerships by value of agricultural products sold are shown by various size groups in a number of the summary tables.

*** Farms by tenure of operator**—The classifications of tenure as used are:

1. Full owners, who operate only land they own;
2. Part owners, who operate land they own and also land they rent from others; and
3. Tenants, who operate only land they rent from others or work on shares for others.

*** Farms by standard industrial classification (SIC)**—A standard classification for agricultural production establishments (farms, ranches, nurseries, greenhouses, etc.) has been evolving over the entire lifetime of the SIC system, but at a less rapid rate than in other producing sectors of the economy, primarily because of the diversity of production typical of most farms. In recent years, increasing specialization by agricultural producers has encouraged the creation of a more detailed set of classifications. These classifications, found in the 1972 SIC Manual, are intended to promote uniformity and comparability in the presentation of statistical data collected by various agencies.

See Volume II, part 1, for a more detailed discussion on SIC.

Farms by type of partnership agreement—Respondents classified their own type of partnership agreement status by marking a box opposite the type of agreement which best described the operation. The types were:

1. Legal partnership (document drawn up by lawyers).
2. Other form of written agreement binding on the partners.

3. Oral agreement.
4. Other arrangement.

Farms by value of assets—This item refers to the sum of assets used in this farm or ranch business as of December 1, 1976. It includes the value of land and buildings, the value of machinery and equipment, and the value of livestock and poultry on hand.

Farms by year partnership began—This refers to the year the farm partnership began farming or ranching.

Farms by age of partner—Ages were collected for the five principal partners. Oldest refers to the oldest partner and youngest refers to the youngest of the five principal partners.

Related partnerships—Partnerships where one-half or more of the partners are related by blood or marriage.

Nonrelated partnerships—Partnerships where less than one-half of the partners are related by blood or marriage.

Contingency plans—Plans, provisions, etc. made by the partners as to what would happen to the partnership if one or more of the partners withdraws or dies.

Expected organization changes—Changes in the organizational structure that the respondents anticipate making during 1977, 1978, or 1979.

Limited partnership—A partnership permitted by State statute which allows the limited partner to contribute capital but not participate in management. The limited partner receives a share of the profits or losses but cannot participate in the management of the business. His/her risk is limited to his/her capital investment. The general partners have control of the business and their liability is unlimited.

Procedure

Sample

The Survey of Farm or Ranch Partnership Operations was designed to cover the 50

States. Approximately 12,000 of the 145,000 partnerships reporting sales of agricultural products of \$2,500 or more in the 1974 Census of Agriculture were selected for the survey. These respondents were randomly selected proportionally within six of the value-of product-sales classes. Sampling rates varied by State, depending upon the number of farm partnerships in that State. Rates varied from 100 percent of all 1974 partnerships for small States to 1-in-30 for larger States.

Mailing and Followup

The 12,000 cases selected for the actual survey were mailed during mid-April 1977, with a request that response be for the 1976 calendar year. With the assistance of three encouraging followup letters to nonrespondents, approximately 81 percent of the 12,000 cases had been received by August 1977. An additional report form was mailed with each follow-up letter. To complete the enumeration, a 50-percent sample of the August 1977 nonresponse cases was selected and enumerated by telephone. Slightly more than 1,100 calls were completed by four telephone enumerators by October 1977. These cases were then weighted to represent all nonresponse cases.

Telephone callers were instructed to do limited probing (short of alienating respondents) about the lack of response. Reasons for not having responded were:

	Percent
Not a partnership	24.3
Did not receive form	21.5
Have not had time	18.5
Not anyone's business	7.3
Partnership dissolved	5.8
Claims filed	3.0
Changes since 1974	2.0
Death in partnership	1.9
Data not important	1.8
Felt it did not apply	1.0
Other	12.8

Recognizing that interviewers were instructed not to directly ask the respondents why they had not responded, and recognizing that these results are only as good as the interviewers opinion, it is interesting to note that 24 percent of the

GENERAL EXPLANATION Continued

respondents indicated that they were not a partnership. Additionally, 6 percent reported that the partnership had dissolved, 2 percent reported changes since 1974, and 2 percent reported death in the partnership, while 1 percent felt that it did not apply to them. One could summarize that approximately 35 percent of the 1,100 or more respondents had some degree of change (or an element of confusion about the type of organization). In terms of hostility, slightly more than 7 percent of the respondents felt that the data wasn't anyone's business, while 2 percent felt that it wasn't important.

Limitations of Survey

While this sampling method has many advantages (i.e. ease of sampling, good data linkage, etc.), it is not without its problems. The survey obviously included some operations that were not formal partnerships. Given that there is no legal definition of a partnership, it appears that there are some reporting discrepancies as to respondents interpretations of their operations from year-to-year and from time-to-time. Additionally, such sampling techniques do not allow for the ac-

counting of births. That is, there was no effort to account for new farm partnerships that were formed during 1975 or 1976. It was the basic intent of this survey to follow and to measure the characteristics of on-going partnership concerns.

Summary of Findings

Type of Organization

The 1969 Census of Agriculture was the first census to enumerate farms by type of organization. That census found 221,500 farm partnerships reporting 738 acres per farm. Essentially, these partnerships were tabulated as reported. The facsimile below shows the type of organization section for the 1969 Census of Agriculture. Respondents were not provided with a definition of a partnership or any explanations of how to report. Note that the report form did not even inquire about the number of partners. Recent studies indicate that farm partnerships undoubtedly were overstated in 1969.

The 1974 Census of Agriculture found 145,000 farms (859 acres per farm) operating as farm partnerships, a decline of 34.6 percent from the 1969 census.

The facsimile below shows inquiries for type of organization for the 1974 census. Note that respondents were requested to enter the number of partners for 1974. Also, respondents were provided with additional instructions on how to report.

All regions showed a decline of farm partnerships from 1969 to 1974. The Northeast declined 31 percent, the North Central 34 percent, the South 39 percent, and the West 25 percent. The declines in number of farm partnerships were:

	Farms	
	1974	1969
United States	144,969	221,535
Northeast	7,005	10,093
North Central	75,366	114,216
South	44,732	73,466
West	17,866	23,760

Land in partnership farms declined 39,908,800 acres (24 percent). However, the average size of partnership farms increased approximately 20 percent in the Northeast, 11 percent in the North Central, over 26 percent in the South, and approximately 5 percent in the West. In 1974, the average size of partnership farms in the West was 2,317 acres per farm, more than 2½ times as big as their

1969 Facsimile

Section 37 -- Type of ORGANIZATION

1. Mark (X) the box which best describes this operation.

<p>690</p> <p>1 <input type="checkbox"/> Individual or family farm, excluding partnership and corporation</p> <p>2 <input type="checkbox"/> Partnership, including family</p>	<p>Corporation, including family (Do not include co-ops.)</p> <p>3 <input type="checkbox"/> 10 or fewer shareholders</p> <p>4 <input type="checkbox"/> More than 10 shareholders</p>	<p>5 <input type="checkbox"/> Other -- Specify</p> <p>For example: Estate or trust, Indian reservation, prison farm, grazing association, co-operative, etc.</p>
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1974 Facsimile

Section 37 TYPE OF ORGANIZATION, OPERATOR CHARACTERISTICS, and related information

COMPLETE THIS PAGE

Part A -- Type of Organization

1. Mark (X) the one box which best describes the way this place was operated in 1974.

- 901 1 INDIVIDUAL or FAMILY operation (sole proprietorship), excluding partnership and corporation
- 2 PARTNERSHIP operation, including family partnerships (See separate Instructions.) — Enter number of partners 902
- 3 CORPORATION, including family corporations — Skip to Section 38
- 4 OTHER, such as cooperative, estate or trust, prison farm, grazing association, Indian reservation, etc. — Specify type then skip to Section 38

Complete Parts B and C below

GENERAL EXPLANATION Continued

closest rival; the South with 888 acres per farm. The declines of land in partnerships were:

	Acres	
United States	124,479,156	163,387,960
Northeast	2,278,170	2,745,685
North Central	41,086,757	56,129,075
South	39,724,567	51,962,378
West	41,389,662	52,550,822

Partnership farms made up 8.6 percent of the 1.7 million farms with sales of \$2,500 and over in 1974. These farms were 60.9 percent larger than the average farm with sales of \$2,500 and over, 859 acres compared to 534 acres. The average value of land and buildings on partnership farms was \$284,936 per farm compared to \$182,231 per farm for farms with sales of \$2,500 and over; and in terms of sales, partnership farms averaged almost \$77,500 per farm compared to only \$47,549 for all such farms.

Changes in Farm Partnerships 1974 to 1976

The facsimile below shows the lead inquiry for the Survey of Farm or Ranch Partnership Operations. Of the 143,400 partnership operations selected for the survey, slightly less than 61,700 responded "No" to this inquiry. That is, 43 percent of the farm partnerships operating in 1974 were no longer operating as partnerships in 1976.

Of farm partnerships that were no longer operating in 1976, approximately 11,300 of these dissolved during 1975. The facsimile below shows the inquiry for disposition of 1974 operations. Unfortunately, the report form did not ask for additional information for operations that were not operating as farm partnerships in 1975. Pilot studies revealed that many of the operations that were reported as partnerships in the 1974 census were never formal partnerships. Some

respondents interpreted such operations as growing broilers under contract or producing commodities under a landlord-tenant arrangement as partnerships. Others were unsure how to report family-operated farms. One could hypothesize that approximately 11,000 formal partnerships dissolved during 1974 and that some 39,000 of the operations reported as partnerships during the 1974 Census of Agriculture never were formal partnerships. Table 2 shows expanded results by year for all selected cases.

Table 2 also indicates that most of the reporting differences probably occurred in the North Central and South regions. Each of the four regions showed at least a 2-to-1 ratio of out-of-scope cases between 1975 and 1974. The North Central region accounted for 52 percent of all cases in the survey; however, it accounted for over 56 percent of the out-of-scope cases. Of the 34,630 selected cases no longer operating in 1976 in the North Central region, 84 percent did not operate as partnerships in 1975 either. In the South approximately 44 percent of the selected cases were no longer operating as partnerships during 1976. Of the 19,300 cases that dissolved by 1976 in the South, 16,000 were not partnerships during 1975 either. In comparison of the approximately 7,000 cases selected in the Northeast, over 77 percent were still operating as partnerships in 1976. How-

Table 1. Farms, Land in Farms, Value of Land and Buildings, and Value of Agricultural Products Sold

Farms With Sales of \$2,500 and Over	(1974 census data)				
	Total	Individual or family	Partnership	Corporations	Other
Farms.....number..	1,695,047	1,517,573	144,969	28,656	3,849
Land in farms.....acres..	905,640,107	678,081,579	124,479,156	96,781,155	6,298,217
Average size of farms.....acres..	534	447	859	3,377	1,636
Value of land and buildings.....\$1,000..	308,889,631	241,235,783	41,306,927	24,555,940	1,790,981
Average per farm.....dollars..	182,231	158,962	284,936	856,921	165,311
Average per acre.....dollars..	341	356	332	254	284
Value of agricultural products sold.....\$1,000..	80,598,305	54,516,408	11,231,940	14,425,607	424,350
Average per farm.....dollars..	47,549	35,923	77,478	503,406	110,249

<p>1. Was the farm or ranch operated by the persons listed on the address label operated as a partnership (including family partnership) in 1976?</p>	<p>021</p> <p>1 <input type="checkbox"/> Yes - Complete items 2 through 11</p> <p>2 <input type="checkbox"/> No - SKIP to item 12</p>
--	---

<p>12a. Was the farm or ranch operated as a partnership in 1975?</p>	<p>220</p> <p>1 <input type="checkbox"/> Yes - Answer b</p> <p>2 <input type="checkbox"/> No - Complete item 13 and return the form</p>
<p>b. Why was the partnership dissolved?</p> <p>Mark (X) one answer; then complete item 13 and return the form.</p>	<p>221</p> <p>1 <input type="checkbox"/> Incorporated 222</p> <p style="text-align: right;">Number of shareholders . . . _____</p> <p>2 <input type="checkbox"/> Changed to sole proprietorship</p> <p>3 <input type="checkbox"/> Discontinued business</p> <p>4 <input type="checkbox"/> Other - Describe</p> <p>_____</p> <p>_____</p>

GENERAL EXPLANATION Continued

ever, of the 1,600 no longer operating as partnerships in 1976, over 66 percent (1,050) were not partnerships in 1975 either. In the West, over 65 percent of the 17,800 selected cases were still partnerships in 1976, and 72 percent of those that were not partnerships in 1976 were not partnerships in 1975 either.

Characteristics of Partnerships

Of the selected partnerships, 81,738 were still operating in 1976. These partnerships operated 76.5 million acres of land and had sales of \$6.9 billion. These averaged 936 acres of land and \$84,730 in sales. This compared with averages of 534 acres of land and \$47,549 in sales for farms with sales of \$2,500 and over as reported in 1974.

Highlight of 1974 Partnerships Operating in 1976

Number of farms number . .	81,738
Land in farms acres . .	76,471,483
Farms with cropland . . number . .	77,867
acres . .	31,507,606
Harvested cropland . number . .	76,323
acres . .	23,906,728
Value of agricultural products sold \$1,000 . .	6,925,672
Farms by tenure:	
Full owners number . .	31,471
Part owners number . .	34,406
Tenants number . .	15,861
Farms by principal occupation:	
Farming number . .	66,266
Other number . .	15,472
Farms by standard industrial classification:	
Cash grain farms	24,610
Cotton farms	1,668
Tobacco farms	3,230
Sugar crop, Irish potato, hay, peanut, and other field crop farms	3,314
Vegetable and melon farms . . .	1,459
Fruit and tree nut farms	3,865
Horticultural specialty farms . .	1,455
General farms, primarily crop . .	2,565
Livestock farms, except dairy, poultry, and animal specialty . .	22,871
Dairy farms	13,704
Poultry and egg farms	1,225
Animal specialty farms	404
General farms, primarily livestock	789
Farms not classified by SIC . . .	579

Table 2. Changes in Farm Partnerships

	Total partnerships	1974 partnerships operating in 1976	Partnerships dissolved by 1976				
			Total	1975		1974	
				Total	Percent of total	Total	Percent of total
United States.....	143,413	81,738	61,675	11,263	18.3	50,412	81.7
REGIONS							
Northeast.....	6,898	5,318	1,580	534	33.8	1,046	66.2
North Central.....	74,415	39,785	34,630	5,620	16.2	29,010	83.8
South.....	44,339	25,048	19,291	3,378	17.5	15,913	82.5
West.....	17,761	11,587	6,174	1,731	28.0	4,443	72.0
DIVISIONS							
New England.....	1,242	978	264	90	34.1	174	65.9
Middle Atlantic.....	5,656	4,340	1,316	444	33.7	872	66.3
East North Central.....	33,570	18,240	15,330	2,420	15.8	12,910	84.2
West North Central.....	40,845	21,545	19,300	3,200	16.6	16,100	83.4
South Atlantic.....	15,384	8,133	7,251	1,148	15.8	6,103	84.2
East South Central.....	14,760	8,045	6,715	1,030	15.3	5,685	84.7
West South Central.....	14,195	8,870	5,325	1,200	22.5	4,125	77.5
Mountain.....	7,903	4,916	2,987	668	22.4	2,319	77.6
Pacific.....	9,858	6,671	3,187	1,063	33.4	2,124	66.6
NEW ENGLAND							
Maine.....	255	195	60	15	25.0	45	75.0
New Hampshire.....	99	78	21	12	57.1	9	42.9
Vermont.....	330	252	78	21	26.9	57	73.1
Massachusetts.....	252	210	42	18	42.9	24	57.1
Rhode Island.....	39	27	12	6	50.0	6	50.0
Connecticut.....	267	216	51	18	35.3	33	64.7
MIDDLE ATLANTIC							
New York.....	2,830	2,210	620	190	30.6	430	69.4
New Jersey.....	516	380	136	44	32.4	92	67.6
Pennsylvania.....	2,310	1,750	560	210	37.5	350	62.5
EAST NORTH CENTRAL							
Ohio.....	7,180	3,820	3,360	560	16.7	2,800	83.3
Indiana.....	7,300	3,840	3,460	220	6.4	3,240	93.6
Illinois.....	9,750	4,680	5,070	750	14.8	4,320	85.2
Michigan.....	3,520	2,040	1,480	390	26.4	1,090	73.6
Wisconsin.....	5,820	3,860	1,960	500	25.5	1,460	74.5
WEST NORTH CENTRAL							
Minnesota.....	6,240	3,740	2,500	480	19.2	2,020	80.8
Iowa.....	11,280	5,430	5,850	1,020	17.4	4,830	82.6
Missouri.....	7,040	3,680	3,360	360	10.7	3,000	89.3
North Dakota.....	3,720	1,930	1,790	350	19.6	1,440	80.4
South Dakota.....	2,950	1,500	1,450	270	18.6	1,180	81.4
Nebraska.....	4,740	2,610	2,130	330	15.5	1,800	84.5
Kansas.....	4,875	2,655	2,220	390	17.6	1,830	82.4
SOUTH ATLANTIC							
Delaware.....	230	122	108	19	17.6	89	82.4
Maryland.....	900	561	339	69	20.4	270	79.6
Virginia.....	2,690	1,570	1,120	180	16.1	940	83.9
West Virginia.....	420	288	132	40	30.3	92	69.7
North Carolina.....	5,460	2,320	3,140	440	14.0	2,700	86.0
South Carolina.....	1,344	732	612	100	16.3	512	83.7
Georgia.....	2,670	1,370	1,300	220	16.9	1,080	83.1
Florida.....	1,670	1,170	500	80	16.0	420	84.0
EAST SOUTH CENTRAL							
Kentucky.....	7,280	3,960	3,320	320	9.6	3,000	90.4
Tennessee.....	3,825	2,040	1,785	285	16.0	1,500	84.0
Alabama.....	1,960	1,060	900	240	26.7	660	73.3
Mississippi.....	1,695	985	710	185	26.1	525	73.9
WEST SOUTH CENTRAL							
Arkansas.....	2,190	1,290	900	220	24.4	680	75.6
Louisiana.....	1,365	820	545	130	23.9	415	76.1
Oklahoma.....	2,780	1,720	1,060	190	17.9	870	82.1
Texas.....	7,860	5,040	2,820	660	23.4	2,160	76.6
MOUNTAIN							
Montana.....	1,675	925	750	145	19.3	605	80.7
Idaho.....	1,465	845	620	140	22.6	480	77.4
Wyoming.....	598	386	212	50	23.6	162	76.4
Colorado.....	2,120	1,410	710	155	21.8	555	78.2
New Mexico.....	654	428	226	58	25.7	168	74.3
Arizona.....	536	352	184	78	42.4	106	57.6
Utah.....	666	444	222	26	11.7	196	88.3
Nevada.....	189	126	63	16	25.4	47	74.6
PACIFIC							
Washington.....	1,596	1,056	540	176	32.6	364	67.4
Oregon.....	1,404	876	528	192	36.4	336	63.6
California.....	6,735	4,665	2,070	675	32.6	1,395	67.4
Alaska.....	18	11	7	2	28.6	5	71.4
Hawaii.....	105	63	42	18	42.9	24	57.1

GENERAL EXPLANATION Continued

Over 80 percent of partnerships are owner-operated farms. Approximately 38.5 percent were full owners and over 42.0 percent were part owners. Of principal occupation, over 80 percent of partners are farmers. Over 58 percent of farm partnerships are primarily grain and livestock type. Slightly less than 17 percent of farm partnerships are dairy operations. No other type of standard industrial classification of farm comprises as much as 5 percent by type.

Of all partnerships 75.6 percent have just two partners, 16.4 percent have three partners, and 92 percent have less than four partners.

There were 194,633 partners (2.4 partners per partnership) involved in the 81,738 partnerships. There were 7,248 partners (8.7 partners per partnership) for the 834 partnerships with six partners and over.

The 81,654 respondents to the household inquiry reported 1.8 households per partnership for all partnerships; 2.5 households per partnership for partnerships with three partners; 2.7 households per partnership for partnerships with four partners; 3.7 households per partnership for partnerships with five partners; and 6.7 households per partnership for partnerships with six partners and over.

Based on survey estimates, it appears that most farm partnerships are made up of relatives pooling assets for a common cause. Almost 90 percent of farm partnerships reported that some members of the partnership were related by blood or marriage; 2.9 of the partners are related for partnerships with three partners; 3.8 of the partners for partnerships with four partners; 4.6 of the partners for partnerships with five partners; and 7.6 of the partners for partnerships with six partners and over. Data on households and relatives are shown by subject in tables 25 thru 38.

Limited Partnerships

The survey also found estimates of limited farm partnerships. These are included in the tabulations showing on-going partnerships.

The 178 limited partnerships are even larger than the average partnership, 6,303

acres compared with 936 acres for all farm partnerships. In fact, over 93 percent of these farms have more than 1,000 acres and the value of land and buildings is \$339 million, or \$1.9 million per limited partnership compared with \$314,514 per partnership for all farm partnerships.

Most limited partnership farms are

owner operated and capital intensive cattle and fruit farms with sales of \$74.3 million, or \$417,421 per farm compared with \$84,730 for all partnership farms. Slightly less than 93 percent of these farms had sales of over \$100,000 per farm.

Almost 61 percent of these operations are located in the West, 20 percent in North Central, and 18.5 percent in the South.

Table 3. Farm Partnerships, Partners, Households, and Relatives, by Number of Partners

(1974 partnerships operating in 1976)

	Partnerships		Partnerships with households		Partnerships with relatives	
	Total	Partners	Total	Households	Total	Relatives
Partnerships.....number..	81,738	194,633	81,654	165,078	75,718	177,292
percent..	100.0	100.0	100.0	100.0	100.0	100.0
2 partners.....number..	61,775	123,550	61,735	109,339	56,674	113,348
percent..	75.6	63.5	75.6	66.2	74.8	63.9
3 partners.....number..	13,423	40,269	13,408	34,079	12,827	37,115
percent..	16.4	20.7	16.4	20.6	16.9	20.9
4 partners.....number..	4,964	19,856	4,944	13,387	4,775	17,956
percent..	6.1	10.2	6.1	8.1	6.3	10.1
5 partners.....number..	742	3,710	738	2,757	695	3,187
percent..	0.9	1.9	0.9	1.7	0.9	1.8
6 partners and over.....number..	834	7,248	829	5,516	747	5,686
percent..	1.0	3.7	1.0	3.3	1.0	3.2

Table 4. 1974 Data on Limited Partnerships

(1974 partnerships operating in 1976)

Partnership farms.....number..	178	Market value of agricultural products sold.....\$1,000..	74,301
Land in farms.....acres..	1,122,001	Partnerships by value:	
Average size of farm.....acres..	6,303	\$500,000 and over.....	134
		\$200,000 to \$499,999.....	22
		\$100,000 to \$199,999.....	9
		\$40,000 to \$99,999.....	11
		\$20,000 to \$39,999.....	2
		\$10,000 to \$19,999.....	-
		\$5,000 to \$9,999.....	-
		\$2,500 to \$4,999.....	-
		Under \$2,500.....	-
		Grains sold.....farms..	55
		\$100,000 to \$149,999.....	4,971
		\$150,000 to \$199,999.....	-
		\$200,000 to \$499,999.....	2
		\$500,000 and over.....	174
		Tobacco sold.....farms..	-
		\$1,000..	-
		Cotton and cottonseed sold.....farms..	2
		\$1,000..	871
		Field seeds, hay, forage and silage sold.....farms..	21
		\$1,000..	673
		Other field crops sold.....farms..	2
		\$1,000..	18
		Vegetables, sweet corn and melons sold.....farms..	3
		\$1,000..	5
		Fruit, nuts, and berries sold.....farms..	70
		\$1,000..	11,631
		Dairy products sold.....farms..	5
		\$1,000..	631
		Cattle and calves sold.....farms..	85
		\$1,000..	34,222
		Hogs and pigs sold.....farms..	15
		\$1,000..	13,190
		Sheep, lambs and wool sold.....farms..	7
		\$1,000..	94
		Other livestock and livestock products sold.....farms..	25
		\$1,000..	6,066
		Nursery and greenhouse products sold.....farms..	2
		\$1,000..	1,900
		Forest products sold.....farms..	7
		\$1,000..	10
		Partnership farms with machinery.....number..	163
		\$1,000..	21,734
		Partnerships by age of oldest partner:	
		Under 25 years.....	-
		25 to 34 years.....	4
		35 to 44 years.....	4
		45 to 54 years.....	61
		55 to 64 years.....	77
		65 years and over.....	32
		Partnerships by principal occupation:	
		Farming.....	104
		Other.....	74
Partnership farms by tenure:			
Full owners.....	148		
Part owners.....	20		
Tenants.....	10		
Partnership farms by size:			
1 to 9 acres.....	2		
10 to 49 acres.....	2		
50 to 69 acres.....	-		
70 to 99 acres.....	2		
100 to 139 acres.....	-		
140 to 179 acres.....	4		
180 to 219 acres.....	-		
220 to 259 acres.....	-		
260 to 499 acres.....	2		
500 to 999 acres.....	2		
1,000 to 1,999 acres.....	47		
2,000 acres and over.....	119		
Partnership farms by SIC:			
Cash grain farms (011).....	11		
Cotton farms (0131).....	2		
Tobacco farms (0132).....	-		
Sugar crop, Irish potato, hay, peanut, and other field crop farms (0133, 0134, 0139).....	4		
Vegetable and melon farms (016).....	-		
Fruit and tree nut farms (017).....	65		
Horticultural specialty farms (018).....	2		
General farms, primarily crop (0191).....	5		
Livestock farms, except dairy, poultry and animal specialty (021).....	67		
Dairy farms (024).....	2		
Poultry and egg farms (025).....	-		
Animal specialty farms (027).....	20		
General farms, primarily livestock (0291).....	-		
Farms not classified by SIC.....	-		

GENERAL EXPLANATION Continued

Limited partnerships average 10.9 partners per partnership, compared with 2.4 partners per partnership for all farm partnerships. There were 1,460 limited partners or 8.2 limited partners per partnership involved in these partnerships. These partnerships averaged 8.5 households per partnership compared with 2.02 for all farm partnerships.

The concept of limited partnerships in agriculture appears to be relatively a new one. Over 92 percent of the 178 limited partnerships started farming or ranching in 1960 or later.

All of the limited partnerships responded to the contingency plan inquiry. An overwhelming majority of limited partnerships, 82 percent, indicate that they plan to continue with remaining partners, heirs, or add new partners in the event one or more of the partners withdraws or dies. Only 14 percent indicate that their operation would dissolve and their shares be distributed under such environment. Less than 4 percent of the limited partnerships are without contingency plans.

Of expected organizational changes during 1977, 1978, or 1979, 68 percent of the limited partnerships indicated that they intend to remain the same. Only 2.8 percent have plans for decreasing partners, while 7.3 percent plan to incorporate. The expected corporations will have 132 shareholders or 10.2 shareholders per corporation. However, an alarming 21.9 percent of these partnerships indicate that they plan to discontinue business.

Partnerships by Year Began

The concept of farm partnerships is not new. Of the 80,641 farms responding to the year began inquiry, over 26,000 or 32.3 percent of these operations started

before 1960. These farms operated an average of 1,042 acres of land and had sales of over \$95,000 per farm. At the other end of the spectrum, the 44,947 farm partnerships that started after 1964, operated an average of 888 acres and had sales of almost \$77,000 per farm. More detailed data on farm partnerships by year began can be seen in table 30.

Type of Agreement

The facsimile below shows the inquiry for type of partnership agreement. Response to this inquiry was required.

Less than 21 percent of farm partnerships have written documents drawn up by lawyers. These 17,083 partnerships account for 45,294 (23.3 percent) of the partners involved in partnerships. Over 9 percent of the partnerships have other written agreements. A major share, (69.2 percent), of farm partnerships are strictly informal, that is, the agreement is oral only. However, the larger the number of partners, the greater is the tendency to be formal. Only 27.6 percent of the partnerships with two partners have written agreements. Almost 33 percent of the

Table 5. 1976 Data on Limited Partnerships

(1974 partnerships operating in 1976)

Limited partnerships.....	178	Contingency plans for limited partnerships:	
Partners involved.....	1,929	Continue with remaining partners.....	146
Limited partners.....	1,468	Dissolve and distribute shares.....	25
General partners:		No plans or provisions made.....	7
One or more individuals.....	144	Other.....	-
A corporation.....	29	Expected organizational changes of limited	
Other.....	5	partnerships during 1977, 1978, and 1979:	
Limited partnerships with households.....	178	No change.....	121
Households involved.....	1,505	Add more partners.....	-
Limited partnerships with relatives.....	89	Decrease number of partners.....	5
Partners involved.....	1,158	Incorporate.....	13
Related partners.....	1,077	Expected number of shareholders.....	132
Partners involved in limited partnerships:		Change to sole proprietorship.....	-
2 partners.....	7	Discontinue business.....	39
3 partners.....	10	Other.....	-
4 partners.....	45	Assets on limited partnerships:	
5 partners.....	6	Land and buildings.....number..	178
6 partners and over.....	110	Value.....\$1,000..	338,975
Limited partnerships by year began:		Average per farm.....dollars..	1,904,354
Since 1970.....	95	Machinery and equipment.....number..	163
1965 to 1969.....	30	Value.....\$1,000..	21,734
1960 to 1964.....	39	Average per farm.....dollars..	133,337
1950 to 1959.....	2	Livestock and poultry.....number..	99
1940 to 1949.....	7	Value.....\$1,000..	39,800
Before 1940.....	-	Average per farm.....dollars..	402,020
Not reported.....	5		

Table 6. Year Partnerships Began by Farms, Land in Farms, and Value of Agricultural Products Sold

(1974 partnerships operating in 1976)

Partnerships.....	Farms		Land in farms		Value of agricultural products sold	
	Number	Percent	Acres	Average per farm (acres)	Value (\$1,000)	Average per farm (dollars)
Partnerships.....	81,738	100.0	76,471,483	936	6,925,672	84,730
Since 1970.....	29,418	36.0	24,991,254	850	2,349,330	79,860
1965 to 1969.....	15,529	19.0	14,921,050	961	1,107,781	71,336
1960 to 1964.....	9,614	11.8	8,177,173	851	877,597	91,283
1950 to 1959.....	13,741	16.8	15,096,447	1,099	1,433,290	104,308
1940 to 1949.....	9,167	11.2	8,972,004	979	851,919	92,933
Before 1940.....	3,172	3.9	3,109,374	980	192,709	60,753
Not reported.....	1,097	1.3	1,204,181	1,098	113,046	103,050

3. What type of partnership is this?

Mark (X) ONE only

025

- 1 Legal partnership (legal document drawn up by lawyers)
- 2 Other form of written agreement binding on the partners
- 3 Oral agreement only
- 4 Other arrangement - Describe

GENERAL EXPLANATION Continued

partnerships with three partners have written agreements. However, over 50 percent of partnerships with four partners or more, have written agreements. Detailed characteristics on partnerships by type of agreement can be seen in table 29.

Related and Nonrelated Partnerships

Of the 81,738 on-going partnership concerns, 75,660 (92.6 percent) were related partnerships. That is, at least half of the members of the partnership were related by blood or marriage and 6,078 (7.4 percent) were nonrelated partnerships. For survey purposes, nonrelated partnerships are defined as partnerships where less than half of their members are related by blood or marriage.

Nonrelated partnerships tend to be slightly smaller than the average partnership, 816 acres compared with 936 acres. Additionally, the sale of agricultural products from nonrelated partnerships is smaller than the average partnership, \$68,603 compared with \$84,730, respectively. Tables 33 and 34 show detailed characteristics for related partnerships by age differences of oldest and youngest partner, while table 35 shows detailed characteristics for nonrelated partnerships.

Household Characteristics of Partners

The survey obtained estimates for household characteristics of partners for up to five principal partners. There were 80,904 partnerships with less than 6 partners and 187,385 partners involved.

Eighty-two percent of these partners headed their households. However, the number of household heads does decline as the number of partners in the partnership increases. Of the 123,550 partners in partnerships with 2 partners, 106,302 (86.0 percent) headed their households. At the other end of the spectrum, only 60 percent of the 3,710 partners in partnerships with 5 partners headed their households.

The sale of agricultural products from farm partnerships tends to be the principal source of income for 130,595 partners and their families, or 69.7 per-

cent of the 187,385 partners. For partnerships with two partners, the sale of agricultural products from farm partnerships was the principal source of income for 72 percent of the partners. This demographic measure also declined as the number of partners in the partnership increased. In fact, the sale of agricultural products for farm partnerships was the principal source of income for slightly less than 50 percent of the 3,710 partners in partnerships with five partners.

As a rule, it appeared that the operating of 936 acres per partnership was enough to keep most partners busy. In fact, over 71 percent of the partners spent more than 50 percent of their work time on the partnership farm or ranch. Further, less than 27 percent of the partners worked off the farm 100 or more days.

Only 23,861 (12.7 percent) of farm partnership partners are engaged in other farming or ranching operations. However, the survey does not provide measure as to

how many of these partners were engaged in the same farming operation.

Tables 25 thru 38 show household characteristics of farm partners by subject.

Age of Partners

All respondents were asked to provide an age for the partners in their partnership, for up to five principal partners. The average age of partners involved were:

Partnerships with two partners	50.0
Average age of oldest partner	58.2
Average age of other partner	41.9
Partnerships with three partners	48.8
Average age of oldest partner	62.4
Average age of other partners	42.0
Partnerships with four partners	47.5
Average age of oldest partner	60.6
Average age of other partners	43.1
Partnerships with five partners	47.7
Average age of oldest partner	64.0
Average age of other partners	43.7
Partnerships with six partners and over	47.2
Average age of oldest partner	60.6
Average age of other partners	43.8

Table 7. Farms by Type of Partnership Agreement

(1974 partnerships operating in 1976)

	Total	Type of agreement			
		Legal document	Other written	Oral	Other
Partnership farms.....number..	81,738	17,083	7,715	56,558	382
.....percent..	100.0	20.9	9.4	69.2	.5
Partnership farms with--					
2 partners.....number..	61,775	11,267	5,778	44,396	334
.....percent..	100.0	18.2	9.4	71.9	.5
3 partners.....number..	13,423	3,173	1,234	8,997	19
.....percent..	100.0	23.6	9.2	67.0	.1
4 partners.....number..	4,964	1,946	558	2,436	24
.....percent..	100.0	39.2	11.2	49.1	.5
5 partners and over.....number..	1,576	697	145	729	5
.....percent..	100.0	44.2	9.2	46.3	.3

Table 8. Partnerships by Related and Nonrelated Partners

(1974 partnerships operating in 1976)

	Farms	Land in farms		Value of agricultural products sold	
		Average per Acres	Average per farm (acres)	Value (\$1,000)	Average per farm (dollars)
Partnerships.....	81,738	76,471,483	936	6,925,672	84,730
Related.....	75,660	71,512,831	945	6,508,701	86,026
Nonrelated.....	6,078	4,958,652	816	416,971	68,603

Table 9. Partnerships With Household Characteristics by Number of Partners

(1974 partnerships operating in 1976)

	Total	2 partners	3 partners	4 partners	5 partners
Partnerships.....	80,904	61,775	13,423	4,964	742
Partners.....	187,385	123,550	40,269	19,856	3,710
Household head.....	153,711	106,302	32,488	12,694	2,227
Partnership provides principal income.....	130,595	89,021	27,603	12,124	1,847
Partners working 50 percent and over on farm.....	133,188	91,913	27,353	12,203	1,719
Partners working off farm 100 days and over.....	49,791	30,413	11,011	6,957	1,410
Partners involved in another farm.....	23,861	14,936	5,719	2,643	563

GENERAL EXPLANATION Continued

The average age of partners involved in the 81,738 partnerships was 49.4 years. In general, most partnerships show a substantial range of ages between the oldest and youngest partners, thus, indicating that the partnership structure is being used widely as a means to bring in and involve younger family members in the operation and to provide a means of intergenerational transfer. The average age of partners for partnerships with two partners was 50.0 with 58.2 being the average age of the oldest partner and 41.9 the average age of the other partner involved. Looking at partnerships with three partners, the average age of the oldest partner was 62.4 years, while the average age of the other partners was 42.0. For partnerships with four partners, the average age of the oldest partner was 60.6 years as opposed to 43.1 years for the other partners. For partnerships with five partners, the average age of the oldest partner was 64.0 years and the average age of other partners was 43.7 years. Detailed data on age by subjects are available in tables 25 thru 38.

Expected Organizational Changes

Existing partnerships were requested to indicate expected organizational changes during 1977, 1978, or 1979. Of the 80,500 partnerships which responded to this inquiry, 67,500 or almost 84 percent indicated that they don't plan any changes. These partnerships operated an average of 902 acres with average sales of \$84,500. The 1,459 partnerships which indicated that they expected to add more partners had sales of \$146,100 per farm compared with the sales of less than \$90,000 per farm reported by the 1,454 partnerships which indicated that they expected to decrease the number of partners.

Often it has been stated that the partnership organizational structure is a stepping stone to the corporate organizational structure. The evidence of this survey is not overwhelming. However, it is noteworthy that the 1,421 farm partnerships which plan to incorporate had average sales of \$172,347, or more than 2 times the average sales for all partnerships reporting this item. These farms operated 1.7

million acres of land, and they expect to incorporate with 5,314 shareholders, or 3.7 shareholders per corporation.

The largest two categories of expected organizational changes are 1. change to sole proprietorship and 2. discontinue business, 4,182 and 4,106 farms respectively. The 4,182 farms that expect to change to the sole proprietorship operated 4.6 million acres and had sales of \$68,677 per farm, or 19 percent less than the average partnership. The 4,106 farm partnerships who expect to discontinue business had the lowest sales per farm at \$55,700. Detailed data by expected organizational change are shown in table 31.

Contingency Plans

Respondents were requested to indicate the contingency plans of their operations. That is, what would happen to their operation if one or more of the partners withdrew or died? Over 50 percent of the respondents indicated that their operation would continue with remaining partners, heirs, or add new partners. Such farms operated slightly less than 1,100 acres per farm and had sales of \$4.1 billion, or almost \$100,000 per farm. Almost 14 percent of the respondents indicated that their operation would dissolve, and the shares be distributed.

Such operations averaged slightly more than 1,000 acres per farm and had sales of \$83,600 per farm. Slightly more than 35 percent of the farms indicated that no plans or provisions had been made. Note that these 28,835 farms averaged 671 acres per farm and had sales of less than \$64,000 per farm. Detailed data by contingency plans are available in table 29.

Contingency plans by number of partners in partnership reveals some interesting results. For partnerships, with two partners, slightly less than 45 percent indicated that they plan to continue with remaining partners heirs, or add new partners. However, for partnerships with four partners or more over 72 percent have contingency plans; 72.5 percent, 75.9 percent; and 78.8 percent for partnerships with four partners, five partners, and six partners or more, respectively.

On the whole, slightly less than 14 percent of the partnerships indicated that they intend to dissolve and distribute the shares of the partnerships. For partnerships with two partners, 16.1 percent planned to dissolve and distribute the shares. For partnerships with three partners, only 7.4 percent of the partnerships indicated such action.

Of the partnerships without contingency plans by number of partners in

Table 10. Expected Organizational Changes of Farm Partnerships

(1974 partnerships operating in 1976)

	Farms		Land in farms		Value of agricultural products sold	
	Number	Percent	Acres	Average per farm (acres)	Value (\$1,000)	Average per farm (dollars)
Partnership response.....	80,517	100.0	75,651,768	940	6,829,626	84,822
None.....	67,490	83.8	60,841,634	901	5,701,913	84,485
Add more partners.....	1,459	1.8	2,546,428	1,745	213,139	146,085
Decrease number of partners.....	1,454	1.8	1,584,188	1,090	130,247	89,578
Incorporate.....	1,421	1.8	1,727,513	1,216	244,905	172,347
Change to sole proprietorship.....	4,182	5.2	4,626,122	1,106	287,209	68,677
Discontinue business.....	4,106	5.1	3,957,086	964	228,704	55,700
Other plans.....	405	.5	368,797	911	23,509	58,048

Table 11. Contingency Plans for Farm Partnerships

(1974 partnerships operating in 1976)

	Farms		Land in farms		Value of agricultural products sold	
	Number	Percent	Acres	Average per farm (acres)	Value (\$1,000)	Average per farm (dollars)
Total partnerships.....	81,738	100.0	76,471,483	936	6,925,672	84,730
Continue with remaining partners.....	40,956	50.1	44,586,868	1,089	4,091,285	99,895
Dissolve and distribute shares.....	11,329	13.9	11,563,917	1,021	947,320	83,619
No plans or provisions.....	28,835	35.3	19,355,548	671	1,841,183	63,852
Other plans.....	329	.4	798,190	2,426	24,793	75,358
Farms not reporting.....	289	.4	166,960	578	21,091	72,980

GENERAL EXPLANATION Continued

the partnership, 38.4 percent of the partnerships with two partners are without plans and 28.7 percent of the partnerships with three partners are without plans, as compared with 20.6 percent of the partnerships with four partners, 16.4 percent of the partnerships with five partners, and 13.8 percent of the partnerships with six partners or more.

Table 12. Percent Distribution of Contingency Plans by Number of Partners

(1974 partnerships operating in 1976)

Partnerships.....	Total partnerships					
	2 partners	3 partners	4 partners	5 partners	6 partners and over	
Continue with remaining partners.....	100.0	100.0	100.0	100.0	100.0	100.0
Dissolve and distribute shares.....	50.1	44.8	63.1	72.5	75.9	78.8
No provisions made.....	13.9	16.1	7.4	5.9	7.1	6.2
Other plans.....	35.3	38.4	28.7	20.6	16.4	13.8
Not reported.....	.4	.3	.6	.4	-	1.2
	.4	.4	.2	.5	.5	-

Entry into Partnership

The Survey of Farm or Ranch Partnership Operations found that 12,320 or 15.1 percent of the farm partnerships were already in existence at the time they began farming. Of these partnerships, 8,636 had some partners who were already farming and 3,267 had none of their partners farming at the time the partnership began farming. Note that both the 3,267 operations with no partners farming and the 417 who did not report have relatively small operations, 422 acres per farm and 375 acres per farm, respectively. Detailed data on the formation of partnerships and initiation of farming or ranching are shown in table 32.

Table 13. Partners Entering Into Partnerships

(1974 partnerships operating in 1976)

	Farms		Land in farms	
	Num-ber	Per-cent	Acres	Average per farm (acres)
Partnerships in existence before farming.....	12,320	100.0	8,827,654	717
Some partners farming.....	8,636	70.1	7,293,145	845
No partners farming.....	3,267	26.5	1,378,172	422
Not reported.....	417	3.4	156,337	375
Partnerships not in existence before farming.....	69,418	100.0	67,643,829	974
Some partners farming.....	56,492	81.4	57,682,793	1,021
No partners farming.....	11,979	17.3	9,473,506	791
Not reported.....	947	1.3	487,530	515

Of the farm partnerships, almost 71,000 or 86.7 percent, did not have any partners engaged in other businesses and 2,782 or 3.4 percent had at least one partner engaged in a farm-related business or activity. Approximately 8,100 or 9.9 percent, of the farm partnerships had at least one partner engaged in a nonfarm-related business.

Detailed data on partnerships and other business interest are shown in table 39 while detailed data on partners and other business interests can be seen in table 40.

Other Business Interests

The survey also attempted to obtain estimates for farm partnerships engaged in other businesses and partners engaged in other business activities.

Of the 81,738 partnerships, 74,931 or 91.7 percent of these partners are engaged in farming only. Of the farm partnerships that are engaged in other businesses, 2,978 or 3.6 percent are engaged in farm-related businesses and 3,829 or 4.7 percent of the partnerships were also engaged in nonfarm-related businesses.

Value of Assets

The survey requested the value of selected assets as of December 31, 1976. The facsimile below shows the inquiries for the selected assets. Moreover, respondents were also requested to provide percentage estimates for the ownership of these assets.

9. Partnership operation

- a. Regardless of ownership, report the total market value of the assets listed below which were controlled by this partnership and used in this farm or ranch business; then estimate the percentage of these assets that are owned by individual partners in column (b), the partnership in column (c), or others who are not members of the partnership in column (d).

ASSETS USED IN THIS FARM OR RANCH BUSINESS	Estimated total market value of assets on December 31, 1976 (Dollars only)	PERCENTAGE OF TOTAL ASSETS (Columns (b) + (c) + (d) should equal 100%)			TOTAL PERCENT
		Percentage owned individually by one or more members of this partnership	Percentage owned by partnership	Percentage owned by others not members of partnership (Include rented or leased assets)	
	(a)	(b)	(c)	(d)	(e)
(1) Land and buildings (Include rented land)	101 \$	102 %	103 %	104 %	100%
(2) Farm machinery and equipment (Include leased machinery and equipment.)	111 \$	112 %	113 %	114 %	100%
(3) Livestock and poultry on hand	121 \$	122 %	123 %	124 %	100%

GENERAL EXPLANATION Continued

The value of land and buildings operated averaged \$391,100 per farm. The machinery and equipment totaled \$4.8 billion or \$58,603 per farm. The value of livestock and poultry was reported by 70 percent of the farms and amounted to \$2.7 billion or \$46,734 per farm.

Of the ownership of land and buildings utilized in farm partnerships, 51.2 percent of the partnerships reported that none of the land and buildings were owned individually by one or more of the partners, 44.6 percent of the partnerships do not own any, and 67.7 percent of the partnerships indicated that none were owned by others who are not members of the partnership. For land and buildings owned by one or more of the individual partners involved in the partnership, 20,634 or 25.2 percent reported that all of the land and buildings are owned by the partner(s). Slightly more than 27,500 indicated that all of the land and buildings are owned by the partnership, and only 6,962 of the respondents indicated that all of the land and buildings are owned by sources not connected with the partnership.

For the other two selected assets, the ownership by sources not connected with the partners or the partnership is of minor significance. For machinery and equipment and livestock and poultry, over 97 percent of the partnerships indicated that less than 30 percent are owned by sources not connected with the partners or the partnership.

Sources of Operating Expenses

The survey obtained a measure of the contributing source of the operating expenses for farm partnerships. The facsimile on page 12 shows the inquiry.

Respondents were requested to provide percentage estimates of the proportion of the operating expenses for crops and for livestock and poultry that were provided by: 1. one or more of the individual partners, 2. the partnership, and 3. others who were not members of the partnership.

On the whole, most operating expenses for farm partnerships were pro-

vided by individual partners or by the partnership itself. For crops, over 80 percent of the partnerships reported that the partnership provided 30 percent or more of crop operating expenses. Further, almost 74 percent of the farm partnerships indicated that less than 30 percent of the operating expenses were provided by one or more of the individual partners. Similarly, almost 80 percent of these respondents indicated that less than 30 percent of the operating expenses for livestock and poultry were provided by one or more of the partners. In fact, 72 percent for crops and 79 percent for livestock and poultry indicated that none of the operating expenses were provided by one or more of the individual partners.

Generally, there is an insignificant portion of operating expenses provided to farm partnerships by others not members of the partnership. Over 95 percent of the respondents indicated that none of their crop operating expenses were provided by others not members of the partnership. Almost 98 percent of the respondents indicated that none of their operating expenses for livestock and poultry were provided by others not members of the partnership.

The percent of operating expenses for crops and livestock and poultry provided by individual partners, partnerships, and others is:

	Livestock and poultry	
	Crops	
Individual partners:		
None	59,114	64,549
100 percent	10,283	8,692
60 to 99 percent	2,150	1,211
30 to 59 percent	9,040	6,613
Under 30 percent	1,151	673
Partnership:		
None	14,591	31,591
100 percent	52,959	40,553
60 to 99 percent	2,661	1,200
30 to 59 percent	10,175	7,180
Under 30 percent	1,352	1,214
Others:		
None	77,969	79,937
100 percent	220	68
60 to 99 percent	236	628
30 to 59 percent	1,723	666
Under 30 percent	1,590	439

Sources of Labor and Management

The survey obtained a measure of the source of productive factors, labor and management. Are these input resources provided by partners or are they hired from the outside? See facsimile on page 12.

As a rule, it can be said that farm partners provide a substantial portion of their labor. That is, almost 79 percent of the farm partnerships had between 60 percent and 100 percent of their farm labor provided by one or more of the partners. Less than 5 percent of the farms reported that the partners provided none of their labor and slightly more than 45 percent of these farms indicated that the partners provided all of their labor.

In comparison, over 95 percent of these partnerships have their managerial decisions made by the partners. Only 1.2 percent of the partnerships reported that they make none of their managerial decisions.

The percent of labor and management provided by partners is:

	Management	
	Labor	
None	4,003	937
100 percent	36,846	75,155
60 to 99 percent	27,590	2,675
30 to 59 percent	7,222	2,593
Under 30 percent	6,077	378

Table 14. Ownership of Assets by Individual Partners, Partnerships, or Others

	Land and buildings	Machinery and equipment	Livestock and poultry
Ownership by individual partners:			
None	41,809	51,210	39,487
100 percent	20,634	19,321	9,711
60 to 99 percent	6,450	3,307	1,481
30 to 59 percent	9,194	6,425	5,910
Under 30 percent	3,651	1,425	725
Ownership by partnership:			
None	36,491	21,021	10,678
100 percent	27,546	48,924	38,065
60 to 99 percent	4,568	2,305	1,130
30 to 59 percent	8,410	7,010	6,493
Under 30 percent	4,723	2,428	948
Ownership by others:			
None	55,373	78,915	55,531
100 percent	6,962	1,179	526
60 to 99 percent	5,979	407	215
30 to 59 percent	7,806	663	736
Under 30 percent	5,618	524	306

GENERAL EXPLANATION Continued

Disposition of Farm Partnerships

As discussed earlier in the text, 11,263 of the selected partnerships indicated that they dissolved during 1975. These partnerships operated 8.7 million acres of land and had farm sales of \$76,750 per farm. Of these partnerships, 495 of them incorporated. These new corporations operated slightly more than 1,000 acres per farm, but had sales of approximately \$214,774 per farm. These 495 places incorporated with 1,808 shareholders or 3.7 shareholders per corporation.

Of the 11,263 partnerships that dissolved, 4,604 changed to sole proprietorships. These proprietors operated 806 acres per farm and had sales of \$74,456 per farm. Slightly less than 5,100 of the 11,263 places discontinued business. Places that discontinued business operated slightly more than 3.8 million acres and had sales of only \$66,371 per farm. De-

tailed data on these 11,263 farms are shown in tables 21 thru 24.

Information Returns (Form 1065)

The survey provides an estimate of the number of farm partnerships reporting information returns for the year 1975. Responses to this inquiry were tabulated as reported. Of the 81,738 on-going farm partnership concerns, 94 percent responded to the inquiry. Of the on-going concerns, 44,160 (54 percent) reported that they did file such a return for 1975. See facsimile below.

It appears that large partnerships have a greater tendency to file an information return. For partnerships with two partners, only 52.1 percent indicated that they filed form 1065 for 1975, and slightly less than 42 percent indicated that they did not file such a return. However, for partnerships with five part-

ners or more in the partnership, 68.2 percent indicated that the return was filed for their operations, while only 26.5 percent indicated that they had not filed a return.

In terms of value of agricultural products sold, slightly less than 81 percent of the farm partnerships with sales of \$500,000 and over indicated they filed form 1065 in 1975 for their operation. On the other hand, only 49.7 percent of the farm partnerships with sales of less than \$100,000 indicated that they filed form 1065.

For information returns by type of partnership agreement, 76.2 percent of the respondents who indicated that their operation was drawn up by lawyers also indicated that they filed form 1065. However, 47.5 percent of the 56,558 oral operations indicated that they did not file form 1065.

b. Estimate below the percentages of operating expenses contributed by individual partners in column (a), by the partnership in column (b), or by others who are not members of the partnership in column (c).

OPERATING EXPENSES FOR PRODUCTION OF -	PERCENTAGE OF TOTAL OPERATING EXPENSES PROVIDED <i>(Columns (a) + (b) + (c) should equal 100%)</i>			TOTAL PERCENT (d)
	Percentage contributed individually by one or more of the partners (a)	Percentage contributed by partnership (b)	Percentage contributed by others not members of partnership (c)	
(1) Crops	131 %	132 %	133 %	100%
(2) Livestock and poultry	141 %	142 %	143 %	100%

c. Estimate below the percentages of total labor and management provided by the partners in column (a), or hired from outside the partnership in column (b).

	PERCENTAGE OF TOTAL LABOR AND MANAGEMENT <i>(Columns (a) + (b) should equal 100%)</i>		TOTAL PERCENT (c)
	Percentage provided by partners (a)	Percentage hired from outside partnership (b)	
(1) Labor	151 %	153 %	100%
(2) Management	161 %	163 %	100%

11. Partnerships have an option of filing a partnership information return (IRS Form 1065) for Federal income tax purposes. Was such a return filed for this partnership in 1975?

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 1 Yes }
 2 No } **SKIP to item 13**