

State and Federal Taxation in Support of Marketing Farm Products



Printer's waste rescued from the contract printer - a grim reminder of a Depression program that was struck down by the state courts.

The purpose of the exhibit is to trace the evolution of Depression farm programs (both federal and state) that were designed to support the marketing of farm products. Most of these programs failed when tested in the state and federal courts. But from their flawed origins, they found a way to collect revenue to establish many marketing programs. Our identification of state of origin of Florida citrus, Washington state apples, and Idaho potatoes is a testimony to the success of those marketing efforts.

Outline of the Exhibit

<u>Section</u>	<u>Beginning</u>
I. Model for the Federal and State Marketing Programs	Frame 1, page 2
II. The Federal Agricultural Adjustment Acts (AAA)	Frame 1, page 3
III. The State Agricultural Adjustment Acts (AAA)	Frames 1, page 15
IV. Post-AAA, State Advertising Programs	Frames 3

STATE AND FEDERAL TAXATION IN SUPPORT OF MARKETING FARM PRODUCTS

CONTEXT

With the Great Depression came additional financial pressures on the farm community. Under the authority of the Agricultural Adjustment Act (AAA) the federal government established quotas to restrict the quantities of crops raised to prop up the prices. Over quota crops brought to market were to be assessed penalty taxes to provide for relief payments to compliant farmers. Under the same federal law, states soon established similar marketing arrangements on crops not covered by the federal programs. The U.S. Supreme Court struck down the method of distribution and the Congress, faced with a method of collecting tax monies, but no method to use the funds, nullified the Agricultural Adjustment Act. All of the state programs were challenged in the state courts and most of the state programs also were declared unconstitutional. After the California proration programs survived these court challenges, other states established successful programs which brought in revenue to advertise their farm products. The degree of success of these programs is attested to by the name recognition of Florida citrus, Washington state apples, and Idaho potatoes.

PURPOSE

The exhibit proposes to show how the early federal and state programs of the Agricultural Adjustment Act evolved to the state marketing programs that rose from the ashes of the programs that failed to pass constitutional challenge in the courts.

TREATMENT

The exhibit opens with a single page devoted to a precursor marketing program initiated by the International Apple Shippers Association in 1930, three years

before any of the federal or state marketing programs. The main focus of the exhibit divides logically into three parts:

- (1) the establishment of federal marketing programs under the Agricultural Adjustment Act (AAA),
- (2) the state marketing agreements established under the AAA umbrella, and
- (3) the state marketing programs that arose after the court challenges.

Included in the federal section are the Scott-listed tobacco sale tax (Scott-listed RJ) and the potato tax (Scott-listed RI). Two additional crops are included: cotton and gum rosin and the more familiar gum spirits turpentine

Wherever possible, used examples are shown. Because the California tomato proration stamps were issued twice weekly, some truncation was exercised to maintain some sense of balance within the exhibit.

SUBJECT/HISTORICAL IMPORTANCE

This is how our nation coped with supporting the agricultural sector of our economy, which was not keeping pace with the rising wages of the industrial sector (and still struggles to keep pace in the current information age). From these programs also grew the crop support programs of the present day.

PHILATELIC IMPORTANCE

This exhibit combines examples from both the federal level and a number of different states with a good variety of agricultural products.

This exhibit looks at all the programs for which stamps were issued that arose out of the federal Agricultural Adjustment Act. So it is as comprehensive as possible. All the important areas are

covered. Nevertheless, one should note that completion of the state stamps is beyond the expectation of any collector.

KNOWLEDGE AND RESEARCH

The challenge for this exhibitor and others has been to dig out the story from non-philatelic sources, including federal and state statutes and regulations (the latter have for the most part been discarded), and judicial decisions that struck down the early programs.

To cite a state example, when the Washington state programs were declared unconstitutional, the state apple growers developed their own voluntary program to continue the advertising that had been so successful. Within a year, the growers became so disgusted with their nonparticipating neighboring growers, who shared equally in the benefits, that they went to the state legislature to enact a mandatory program.

RARITY AND CONDITION

Of note in the federal examples is the 25 pound potato tax exempt stamp. Also included are some used examples of the potato tax exempt stamps, including a possibly unique example on tag.

Of special interest among the state issues are the inclusion of a Washington rhubarb stamp, a used Washington tomato and cucumber stamp (Matesen, the contemporary cataloguer does not own a used example!), a California concord grape (Eric Jackson has never had one listed in his stock), several very elusive Florida citrus control stamps, and the only recorded complete sets of the Hidalgo citrus stamps from Texas.

In some cases used examples are the only way these stamps exist. In Washington state a stamp collector who was a state employee got permission to

rescue the stamps for other collectors. So the Washington state apple stamps are complete. In Idaho the intended destruction was apparently carried out; only a very small number of the stamps have found their way into collectors' hands. In this latter case we still do not know what denominations were issued in each year, except for the examples that have found their way into philatelic hands.

Other stamps were placed on containers of fruit and vegetables. Nail holes or other evidence of how they were attached and the resulting damage are the norm. The condition of the stamps in the exhibit are in most cases the finest available today.

FOR ADDITIONAL INFORMATION.

Matesen, M. E. (1973) *Washington State Cities Revenue Catalog* provides valuable insight into that state's programs.

Wrisley, D. (2013) *The State Revenue Catalog*, the award winning contemporary catalog provides an up-to-date listing of most of the stamps covered in the exhibit.

Henry A. Wallace
Secretary of Agriculture, 1933 - 1940