CASES, REGULATIONS AND STATUTES

by Robert P. Achenbach, Jr

BANKRUPTCY

GENERAL-*ALM* § 13.03.*

DISCHARGE. The debtors owned a cattle ranch which raised cattle under consignment contracts with one of the creditors. The creditor provided the cattle and the debtors provided all supplies and feed until the cattle were sold. The creditor sought an order denying the debtors' discharge under Section 727(a) for conversion of 129 head of cattle. The court found that the recordkeeping of the debtors and creditor was incomplete and inaccurate in that the creditor failed to provide accurate counts of the cattle delivered and sold, sometimes resulting in errors in favor of the debtors and sometimes in favor of the creditor. The court even found that some records indicated that more cattle were sold by the creditor than were required under the contracts. The court held that the creditor failed to prove that 129 head of cattle were missing or unaccounted for by the debtors; therefore, the objections to the discharge were denied. ***In re* Hammitt, 289 B.R. 670 (Bankr. C.D. Ill. 2003)**.

The debtors owned a cattle ranch and obtained operating loans from a bank secured by security interests in the debtors' ranch personal property. The debtors had agreed to keep the bank informed of all potential cattle buyers and sales. The debtors also signed an agreement to notify the bank of any change in their financial condition. When the debtors failed to make timely payments, the parties met and designed a repayment plan. In formulating the plan, the parties used cattle sale projections provided by the debtors which proved to be too optimistic. The debtors made some sales of collateral without permission from the bank but used the proceeds to operate the ranch. The bank objected to the debtors' discharge of the loan under Section 523(a)(2)(A) for fraud resulting from the debtors' projection of sales. The court denied the objection, holding that the projection was not reasonably relied on by the bank since the projection, by definition, was only a prediction of the market which was moved by forces beyond the control of the debtors. The court did deny discharge to a portion of the loan equal to the value of some cattle collateral sold after the debtors realized that the cattle operation was finished. ***In re* Hammitt, 289 B.R. 681 (Bankr. C.D. Ill. 2003)**.

EXEMPTIONS.

EARNED INCOME CREDIT. In a consolidated review of several cases, the debtors had claimed an exemption under Ky. Stat. Ann. § 205.220(3) for an income tax refund resulting from a claim for earned income tax credit (EIC). The Bankruptcy Court had held that the EIC was not public assistance as defined by the statute. The appellate court reversed and remanded for a determination as to whether the EIC was public assistance in all cases or only on a case by case basis after a showing that the debtor met the requirements of the definition of public assistance. ***In re* Flanery, 289 B.R. 624 (W.D. Ky. 2003)**.

ENVIRONMENT

CLEAN WATER ACT. The plaintiffs were neighbors of the defendant dried fruit processing company. The waste water from the defendant's processing plants was held in a holding pond and used for irrigating the defendant's fruit orchards and grass fields. The plaintiffs alleged that the defendant discharged and would continue (or was reasonably likely to continue) to discharge pollutants from point sources to the waters of the United States without a National Pollutant Discharge Elimination System (NPDES) permit, a violation of the Clean Water Act, 33 U.S.C. § 1311(a). The plaintiffs alleged that the irrigation exceeded the utilization rate of the land and resulted in contamination of the watershed. The defendant argued that the plaintiffs failed to demonstrate any repeated violations and that return flows from irrigated agriculture are exempt from the Clean Water Act's NPDES requirements. The court held that the plaintiffs has shown that the irrigation water had excessive "oxygen demanding constituents" and was and would continue to be polluted wastewater. However, the court agreed with the defendant that the irrigation water was exempt from the NPDES requirements under 40 C.F.R. § 122.3. **Hiebenthal v. Meduri Farms, 242 F. Supp.2d 885 (D. Or. 2002)**.

FEDERAL AGRICULTURAL PROGRAMS

EXOTIC NEWCASTLE DISEASE. The APHIS has issued interim regulations amending the exotic Newcastle disease regulations by removing Mohave and Yuma Counties, AZ, Nye County, NV, and portions of La Paz County, AZ, and Clark County, NV from the list of quarantined areas **68 Fed. Reg. 26986 (May 19, 2003)**.

The APHIS has issued interim regulations amending the exotic Newcastle disease regulations by quarantining Kern County, CA and prohibiting or restricting the movement of birds, poultry, products, and materials that could spread exotic Newcastle disease from the quarantined area. **68 Fed. Reg. 26988 (May 19, 2003)**.

FARM AND RANCH LANDS PROTECTION PROGRAM. The CCC has adopted as final regulations implementing the Farm and Ranch Lands Protection Program (FRPP). The Farm Security and Rural Investment Act of 2002 repealed the Farmland Protection Program (FPP), established by the Federal Agriculture Improvement and Reform Act of 1996, and authorized the FRPP to both distinguish it from the repealed program and to better describe the types of land the program seeks to protect. Under the FRPP, the Secretary of Agriculture, acting through the Natural Resources Conservation Service, is authorized, on behalf of the CCC and under its authorities, to purchase conservation easements or other interests in land for the purpose of protecting topsoil by limiting nonagricultural uses of the land. The final rule promulgates policy regarding the implementation of the FRPP, while the Request for Proposals, which will continue to be used, announces national fund availability and sets forth nationwide application procedures and ranking criteria. Conservation easements recorded on or following May 16, 2003, will be administered according to this final rule. Cooperative agreements signed on this date or following this date also will be administered according to this final rule. **68 Fed. Reg. 26461 (May 16, 2003)**.

FEDERAL ESTATE AND GIFT TAX

CLAIMS. The decedent died in March 2002 and the final notice to creditors was made in May 2002. The IRS acknowledged receiving actual notice in May 2002 but did not filed a claim until December 2002. The estate argued that the IRS claim was barred by the statute of limitations on creditors' claims under Iowa Code § 633.410. The court held that, under *United States v. Cummerlin, 310 U.S. 414 (1940)*, the IRS is not bound by state statutes of limitations in enforcing IRS rights. ***In re* Williamson, 2003-1 U.S. Tax Cas. (CCH) ¶ 50,481 (Iowa Dist. Ct. for Polk County 2003)**.

MARITAL DEDUCTION. The decedent had executed three wills. The first two were identical in providing for 70 percent of the residuary estate to pass to a marital trust for the surviving spouse and 30 percent to pass to the decedent's children. The third will was almost identical to the second will except that the amount passing to the marital trust was 30 percent and the amount passing to the children was 70 percent. The estate petitioned the state probate court and obtained a judicial revision of the third will to 70 percent to the marital trust and 30 percent to the children. The IRS ruled that the judicial revision was effective for federal estate tax purposes and the 70 percent amount would qualify for the marital deduction. **Ltr. Rul. 200320015, Feb. 4, 2003**.

TRUSTS. The IRS has issued a revenue procedure with an annotated sample declaration of trust and alternate provisions that meet the qualified personal residence trust (QPRT) requirements under I.R.C. § 2702(a)(3)(A) and Treas. Reg. § 25.2702-5(c). The sample declaration of trust is for a QPRT with one transferor for a term equal to the lesser of the life of the term holder or a term of years. The alternate provisions relate to additions to the trust to purchase a personal residence and to the disposition of trust assets on cessation of its qualification as a QPRT. **Rev. Proc. 2003-42, I.R.B. 2003-23**.

VALUATION. The decedent had transferred assets to a family limited partnership and transferred limited partnership interests to the decedent's heirs. The partnership was held to be valid under state law and effective for federal estate tax purposes. The restrictions on the transferability of limited partnership interests and withdrawal rights did not subject the partnership interests to valuation under I.R.C. § 2703. The decedent's interest in the partnership was discounted 25 percent for lack of marketability and 25 percent for a minority interest. The Tax Court had denied an IRS request to amend its pleadings to include a claim that, under I.R.C. § 2036, the assets transferred to the partnership were included in the decedent's gross estate. The Tax Court acknowledged, however, that if such a claim was properly raised, it might have succeeded. The amendment was made two months before trial but was denied as untimely. The appellate court ruled that the amendment should have been allowed and remanded for consideration of that claim. The appellate court affirmed on all other points. On remand, the Tax Court held that the property transferred to the limited partnership was included in the decedent's estate under I.R.C. § 2036 because the decedent retained control over the assets, the partnership funds were used to support the decedent, and the decedent's relationship to the assets was not actually changed by the transfer. **Strangi v. Comm'r, T.C. Memo. 2003-145, *on rem. from*, Gulig v. Comm'r, 293 F.3d 279 (5th Cir. 2002), *aff'g sub nom*., Estate of Strangi v. Comm'r, 115 T.C. 478 (2000)**. **See also Harl, "More on Family Limited Partnerships," 12 *Agric. L. Dig*. 1 (2001)**.

The taxpayers, husband and wife, formed a family limited partnership with their children. The taxpayers assigned interests in the partnership to several assignees pursuant to an agreement that contained a formula clause that (1) the taxpayers' children, trusts for their benefit, and a charitable organization, received interests having an aggregate fair market value of a set dollar amount, and (2) another charitable organization received any remaining portion of the assigned interests. The taxpayers' children agreed to pay all transfer taxes resulting from the transaction, including the estate tax liability under I.R.C. § 2035(c) that would arise if one or both of the taxpayers were to die within three years after the date of the assignments. Under a second agreement, the assignees allocated the assigned interests among themselves in accordance with the formula clause, based on an agreed aggregate value for the assigned interests. Less than six months after the date of the assignment, the partnership redeemed the interests of the charitable organizations pursuant to a call option contained in the partnership agreement. The court held that the fair market value of the limited partnership interests transferred by the taxpayers were determined by applying a 15 percent minority interest discount and a 20 percent marketability discount. The partnership interests transferred by each of the taxpayers was valued as an assignee interest because, under applicable Texas law, the partnership agreement, and the assignment agreement, only economic rights in the partnership were assigned and there was no indication that the partners explicitly consented to admit the assignees as partners. The court also held that the value of the gifts was not reduced to reflect the donees' contingent obligation to pay the additional estate tax that would have been imposed on account of I.R.C. § 2035 if the taxpayers had died within three years of the gift. Such an adjustment was not appropriate because the taxpayers failed to demonstrate that their valuation of such an obligation was reliable. **McCord v. Comm'r, 120 T.C. No. 13 (2003)**.

FEDERAL INCOME TAXATION

ADMINISTRATIVE PROCEDURE. The IRS has issued a Chief Counsel Notice which clarifies and supersedes Chief Counsel Notice CC-2002-043 regarding the requirement that Chief Counsel attorneys follow legal positions established by published guidance in papers filed in the Tax Court or in defense or suit letters sent to the Department of Justice. The notice also continues the requirement established in the previous notice that all briefs, trial memoranda and motions to be filed in the Tax Court or letters to the Department of Justice that seek to distinguish a position set forth in published guidance shall be subject to national office review prior to filing in the Tax Court or transmission to the Department of Justice. **CC-2003-014**.

CAPITAL GAINS. The taxpayer won a state lottery and was to be paid in 20 annual installments. The taxpayer assigned three of the payments in exchange for a lump sum from a third party and the taxpayer reported the lump sum payments as long-term capital gains. The court held that the lump sum payment was ordinary gain to the taxpayer. **Johns v. Comm'r, T.C. Memo. 2003-140**.

CHARITABLE DEDUCTION. The decedent was a citizen and resident of Canada and owned property in the United States and Canada. The decedent's will bequeathed property to Canadian charities and the bequests were paid with Canadian property in the estate. The court held that the U.S. estate could take a charitable deduction for the property paid to the Canadian charities with Canadian property only to the extent of the ratio of property in the United States to the property in Canada. **Estate of Silver v. Comm'r, 120 T.C. No. 14 (2003)**.

C CORPORATIONS.

DISTRIBUTION OF STOCK. The taxpayer was a corporation with a subsidiary corporation. The corporation wanted to raise funds for various business purposes. On the advice of an investment banker, the corporation distributed its stock in the subsidiary to the subsidiary stockholders in anticipation of a public offering of stock in the subsidiary. However, by the time the distribution was completed, the market had become unfavorable for a stock offering and the money was raised through debentures. The IRS ruled that, although the business purpose did not occur, the distribution had a business purpose when made and satisfied the business purpose test of Treas. Reg. § 1.355-2(b). **Rev. Rul. 2003-55, I.R.B. 2003-22**.

A farming corporation was owned in equal shares by four members of a family, mother and father, son and daughter. The son and daughter provided most of the management and labor for the farm but disagreed on further development of the farm as to the livestock and grain operations. In order to avoid discord among the family, the livestock operation was split off into a separate corporation with the son, mother and father each owning one third of the stock. The original farm corporation was then owned one-third each by the daughter, mother and father. The parents then changed their wills to bequeath their livestock corporation stock to the son and the grain farm corporation to the daughter. The IRS ruled that the distribution of stock to the new corporation had a sufficient non-tax business purpose to satisfy the business purpose test of Treas. Reg. § 1.355-2(b). **Rev. Rul. 2003-52, I.R.B. 2003-22**.

WORTHLESS STOCK. The taxpayer had invested in a corporation which eventually was terminated after losing several lawsuits. The taxpayer argued that the taxpayer's stock in the corporation became worthless in 1989 when several court actions in the cases indicated that the stock was worthless. However, the court noted that the court actions in 1989 did not resolve all of the lawsuits and that some value remained until 1993 when the final lawsuit was resolved against the corporation. The court held that the loss on the stock could not be claimed as a deduction until 1993. ***In re* Steffen, 2003-1 U.S. Tax Cas. (CCH) ¶ 50,454 (Bankr. M.D. Fla. 2003)**.

COURT AWARDS AND SETTLEMENTS. The taxpayer became injured at work and was placed in a restricted work area during the recovery from the injury. The restricted area was monitored by cameras and the employer publicized the names of the employees in the restricted area. The taxpayer filed suit against the employer for (1) violations of the Pennsylvania Wiretapping and Electronic Surveillance Act, (2) the common law tort of invasion of privacy; and (3) the common law tort of intentional infliction of emotional distress. The parties reached a settlement and the taxpayer received a lump sum payment. The employer did not withhold any taxes from payment but issued a Form 1099-MISC listing the payment as nonemployee compensation. The court held that the settlement was taxable income because the payment was not made for personal injury or sickness. **Gantea v. Comm'r, T.C. Summary Op. 2003-55**.

The taxpayer brought a case under the False Claims Act on behalf of the government and obtained a settlement. The taxpayer received a portion of that settlement as a qui tam relator award for bringing the case. The taxpayer excluded the relator award from income, arguing that the payment was for personal injuries suffered during the case. The court held that the relator award was taxable income because the taxpayer's injuries were not part of the False Claims Act case. **Brooks v. United States, 2003-1 U.S. Tax Cas. (CCH) ¶ 50,414 (E.D. Ky. 2003)**.

DEPENDENTS. The taxpayer was the noncustodial parent of a child by a previous marriage. Under the pre-divorce separation agreement, the taxpayer was to claim the dependency exemption for the child; however, the divorce decree did not incorporate the separation agreement and did not mention allocation of the dependency exemptions. The taxpayer claimed the child as a dependent on a tax return to which was attached a copy of the separation agreement. The court held that the separation agreement was sufficient to constitute a waiver by the mother of entitlement to the exemption and conformed to the substance of Form 8332; therefore, the taxpayer was entitled to claim the dependency exemption for the child. **Boltinghouse v. Comm'r, T.C. Memo. 2003-134**.

DISASTER LOSSES. On April 24, 2003, the President determined that certain areas in Mississippi were eligible for assistance under the Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5121, as a result of severe storms, tornadoes and flooding that began on April 6, 2003. **FEMA-1459-DR**. On May 6, 2003, the President determined that certain areas in Kansas were eligible for assistance under the Act as a result of severe storms, tornadoes and flooding that began on May 4, 2003. **FEMA-1462-DR**. On May 6, 2003, the President determined that certain areas in Missouri were eligible for assistance under the Act as a result of severe storms, tornadoes and flooding beginning on May 4, 2003. **FEMA-1463-DR**. On May 8, 2003, the President determined that certain areas in Tennessee were eligible for assistance under the Act as a result of severe storms, tornadoes and flooding beginning on May 4, 2003. **FEMA-1464-DR**. On May 10, 2003, the President determined that certain areas in Oklahoma were eligible for assistance under the Act as a result of severe storms and tornadoes that began on May 8, 2003. **FEMA-1465-DR**. On May 12, 2003, the President determined that certain areas in Alabama were eligible for assistance under the Act as a result of severe storms, tornadoes and flooding that began on May 5, 2003. **FEMA-1466-DR**. On May 12, 2003, the President determined that certain areas in New York were eligible for assistance under the Act as a result of ice storms that began on April 3, 2003. **FEMA-1467-DR**. Accordingly, taxpayers who sustained losses attributable to the disaster may deduct the losses on their 2002 federal income tax returns.

DISCHARGE OF INDEBTEDNESS. The taxpayer was a member of a state National Guard and owned a condominium subject to $140,000 of indebtedness with a fair market value of $85,000. The condominium was purchased by the U.S. Corps of Engineers under the Homeowners Assistance Program and relieved the taxpayer of all indebtedness on the property. The court held that the taxpayer had income from the purchase to the extent the indebtedness exceeded the fair market value of the property. **Bowers v. Comm'r, T.C. Summary Op. 2003-57**.

EARNED INCOME CREDIT. The IRS has announced that, for purposes of I.R.C. § 32(c)(3)(B)(iii) (earned income credit), an authorized placement agency includes an Indian tribal government (ITG) and also includes an organization an ITG has authorized to place Indian children, also known as an Indian tribal organization. Thus, for tax years beginning after December 31, 1999, a child placed with a taxpayer by an ITG or Indian tribal organization qualifies as an eligible foster child provided that the taxpayer cares for the child as the taxpayer's own, and, for tax years beginning before January 1, 2002, the child has the same principal place of abode as the taxpayer for the taxpayer's entire tax year. **Notice 2003-28, I.R.B. 2003-22**.

ELECTRICITY PRODUCTION CREDIT. The IRS has announced the 2003 inflation adjustment factor (1.2048) and reference prices used in determining the availability of the renewable electricity production credit to taxpayers producing electricity using wind (4.85 cents per kilowatt hour) or closed-loop biomass and poultry waste (zero cents per kilowatt hour). The inflation adjustment factor and reference prices apply to calendar year 2003 sales of kilowatt hours of electricity produced in the U.S. and its possessions from qualified energy resources. The renewable electricity production credit for calendar year 2002 is 1.8 cents per kilowatt hour on the sale of electricity produced from wind, closed-loop biomass, and poultry waste energy resources. . **Notice 2003-29, I.R.B. 2003-20, 917**.

FUEL CREDIT. The IRS has announced that the reference price that is to be used in determining the availability of the I.R.C. § 29 tax credit for the production of fuel from nonconventional sources for calendar year 2002 is $22.51. Since this amount does not exceed $23.50 multiplied by the inflation adjustment factor, the I.R.C. § 29(b)(1) phaseout of the credit will not occur for any qualified fuel based on the above reference price. **Notice 2003-27, I.R.B. 2003-19**.

IRA. The taxpayer made early withdrawals from the taxpayer's IRA and claimed the withdrawals as income; however, the taxpayer did not pay the additional 10 percent penalty for early withdrawal because the taxpayer claimed that the taxpayer was disabled and under medical treatment for depression. Although the taxpayer was unable to continue the taxpayer's regular employment, the taxpayer was employed during the tax year involved. The court held that the taxpayer did not meet the definition of disabled in I.R.C. § 72(m)(7) and Treas. Reg. § 1.72-17A(f); therefore, the taxpayer was not entitled to an exemption from the 10 percent penalty. **Keeley v. Comm'r, T.C. Summary Op. 2003-53**.

The taxpayer obtained a loan from a third party and although the loan was to be secured by life insurance policies, the loan was secured by the taxpayer's interest in two retirement annuities. When the mistake was discovered the creditor agreed to not use the annuities as collateral; however, when the taxpayer defaulted on the loan, the creditor obtained payment from the annuities. The withdrawals from the annuities were subject to inclusion in the taxpayer's income and were subject to an early withdrawal tax penalty. The taxpayer did not sue the creditor for the return of the withdrawn amounts. The court held that the mistaken use of the annuities to secure the loan did not relieve the taxpayer of liability for the early withdrawal penalties since the money was never returned to the annuities. **Armstrong v. United States, 2003-1 U.S. Tax Cas. (CCH) ¶ 50,473 (D. N.D. 2003)**.

MEDICAL EXPENSES DEDUCTION. The IRS has issued two Revenue Rulings clarifying aspects of the medical expense deduction. In one ruling, the taxpayer injured a leg and used crutches, bandages and aspirin on the advice of a physician. The taxpayer also has diabetes and used a blood sugar monitor. The IRS ruled that the cost of the aspirin was not a deductible medical expense because it is a nonprescription drug. The IRS ruled that the cost of the crutches, bandages and blood sugar monitor is a deductible expense for the cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body. **Rev. Rul. 2003-58, I.R.B. 2003-22**.

In the second ruling, a taxpayer underwent mastectomy surgery treatment for cancer and then incurred the cost of reconstruction surgery. Another taxpayer paid for laser eye surgery to correct myopia. A third taxpayer paid for a teeth-whitening procedure. The IRS ruled that (1) the breast reconstruction surgery and laser eye surgery costs are deductible as medical costs, but (2) the cost of the teeth-whitening procedure is not deductible. **Rev. Rul. 2003-57, I.R.B. 2003-22**.

PARTNERSHIPS

LIKE-KIND EXCHANGES. A partnership made an exchange of partnership property subject to liability for like-kind property, also subject to liability. In one situation, the partnership was relieved of more liability in the relinquished property than the partnership assumed from the acquired property. In the second situation, the partnership was relieved of less liability than the partnership assumed from the acquired property. In both situations the partnership relinquished the first property in one tax year and acquired the replacement property in the next tax year. The IRS ruled that the liabilities are netted for purposes of I.R.C. § 752 with any net decrease in a partner's share of partnership liability taken into account for purposes of I.R.C. § 752(b) in the first taxable year of the partnership, and any net increase in a partner's share of partnership liability is taken into account for purposes of I.R.C. § 752(a) in the second taxable year of the partnership. **Rev. Rul. 2003-56, I.R.B. 2003-23**.

RENT. The taxpayer was a real estate investment trust which, through a partnership and other property-owning entities, owned and leased space in Class A office buildings in major metropolitan areas and provided janitorial services for the tenants under the terms of those leases. The janitorial services were services customarily furnished, rendered, or arranged for by landlords in connection with the leasing of space in Class A office buildings in those major metropolitan areas. The janitorial services were limited office cleaning services and were not considered to be services rendered to the occupant under the standards of Treas. Reg. § 1.512(b)-1(c)(5). The IRS ruled that the taxpayer's providing the janitorial services would not cause income from the tenants, through the property-owning entities, to be treated as other than rents from real property under I.R.C. § 856(d). **Ltr. Rul. 200320023, Jan. 5, 2003**.

SALE OF RESIDENCE. The taxpayers, husband and wife, were retired and owned three residences in three states. The taxpayers sold their house in Wisconsin after owning it for just over five years and sought to exclude gain under I.R.C. § 121. The taxpayers lived in the Wisconsin house for 847 days of those five years and lived in the other two houses for 938 days; however, in only one year did the taxpayers live in the Wisconsin house more days than the other two houses combined. The court found that many factors did not favor any house as the principal residence; however, in determining that the Wisconsin house was not the taxpayer's principal residence for purposes of I.R.C. § 121, the court pointed to the fact that the taxpayers did not file Wisconsin income tax returns, did not have Wisconsin driver's licenses and did not register to vote in Wisconsin. **Guinan v. United States, 2003-1 U.S. Tax Cas. (CCH) ¶ 50,475 (D. Ariz. 2003)**.

SAFE HARBOR INTEREST RATES
June 2003

	Annual	Semi-annual	Quarterly	Monthly
		Short-term		
AFR	1.49	1.48	1.48	1.48
110 percent AFR	1.64	1.63	1.63	1.62
120 percent AFR	1.79	1.78	1.78	1.77
		Mid-term		
AFR	3.06	3.04	3.03	3.02
110 percent AFR	3.37	3.34	3.33	3.32
120 percent AFR	3.68	3.65	3.63	3.62
		Long-term		
AFR	4.65	4.60	4.57	4.56
110 percent AFR	5.12	5.06	5.03	5.01
120 percent AFR	5.60	5.52	5.48	5.46

Rev. Rul. 2003-60, I.R.B. 2003-__.

IN THE NEWS

COUNTRY OF ORIGIN LABELING. A new study of mandatory country of origin labeling (COOL) for beef, pork, lamb and produce shows that estimates of the costs of the program may have been exaggerated by the USDA and packing industry foes. The new study was not paid for by any outside groups, Iowa State University's Neil Harl, one of the study's authors, told Agriculture Online Friday. Some of the report's key conclusions: COOL will cost much less than previously estimated; labeling does not violate World Trade Organization rules or other trade laws; and labeling could tap into consumer preferences, increasing the value of meats and produce by billions of dollars. See http://email.agriculture.com/cgi-bin1/DM/y/eb3d0BElVQ0TM0FasJ0A2. **Agriculture Online**.

FARM LABOR. The National Agricultural Statistics Service has issued farm employment figures as of April 6-12, 2003. There were 938,000 hired workers on the nation's farms and ranches the week of April 6-12, 2003, down 13 percent from a year ago. Of these hired workers, 781,000 workers were hired directly by farm operators. Agricultural service employees on farms and ranches made up the remaining 157,000 workers. All NASS reports are available free of charge on the internet. For access, go to the NASS Home Page at: http:/www.usda.gov/nass/. **Sp Sy 8 (5-03)**.

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