

7, 20/33 -

### Rib Lake Lumber Company Gets the Decision of Court

#### Supreme Wisconsin Body Says Deduction of Interest on Bonds Okay

Wisconsin's supreme court gave its decision recently in favor of the Rib Lake Lumber company, on its appeal of the \$20,000 income tax case. The court ruled, in regard to the main point at issue, that the company was entitled to make deductions from income tax for the interest on 4 million dollars' worth of bonds; the Wisconsin Tax commission contended that the actual value was about 400 thousand instead of 4 million and that the interest was not deductible because it was merely paid from one company to another under the same ownership. The tax commission had ruled that the assessment of these back taxes, covering a period of years, was correct. The circuit court of Dane county had sustained the tax commission, and it was upon appeal of the lumber company from the circuit court's decision that the case was decided in favor of the company.

The United States Leather Co., known part of the time as the Central Leather Co., was the holding corporation for the Rib Lake Lumber Co., the Copper River Land Co., and the Union Tanning Co. On a reorganization, the Copper River Land Co. and the Union Tanning Co. conveyed their Wisconsin property to the Rib Lake Lumber Co. Then the Rib Lake Lumber Co., a Wisconsin corporation, conveyed its assets to the Rib Lake Lumber Co. of Delaware. The holding leather company conveyed all the capital stock of the three Wisconsin companies to the Delaware company. The bonds in question were given in payment by the Rib Lake Delaware company to the leather company. Interest on these 4 million dollars worth of bonds was

the deduction from income tax returns claimed by the Rib Lake company and denied by the tax commission. In rendering its decision the Wisconsin supreme court said in part: "The question presented here is for what income tax the Delaware Company is liable under the laws of Wisconsin? The state has assumed since 1925 to assess the Delaware Company and so recognized its separate corporate existence. Whether or not the Tax Commission might in the beginning have treated the Delaware Company as in fact a mere agent of the Leather Company transacting business for it in the state of Wisconsin and assessable as agent on account of Wisconsin business, it is not necessary for us to inquire. The state did not so proceed and had it so proceeded, the result might have been no taxable income on account of Wisconsin operations."

"It is quite apparent that the state must proceed upon one theory or the other. Having sought to levy a tax against the Delaware corporation, it must find taxable income in the hands of the Delaware corporation, subject to Wisconsin taxation before it can levy a tax. It is not disputed that the Delaware Company is operating a general lumbering business in the state of Wisconsin. In such a business its capital must in part at least be invested in timber lands. We know of no case where a lumber company has been denied the right to deduct interest on amounts owing by it on account of timber lands purchased to be utilized in its business. "While it may appear to the ordinary person as it does to us that a disproportionate amount of its investment is represented by debentures, we find no limitation upon its power to cause its assets to take that form if it so chooses. The mere fact that the capital stock and the debentures are owned by the Leather Company does not authorize the Tax Commission to inquire into the affairs of the Leather Company when it is levying a tax against the Delaware Company."

WIS SUPREME CT RULES IN FAVOR OF RLCC ON TAX CASE.

9/7/33 -

### Rib Lake Lbr. Co. Under Lumber Code

#### Sisley States Common Labor Increased from 25c to 30c; 48 Hour Week

The Rib Lake Lumber company has joined in the NRA movement and is operating under the lumber industries code, according to J. P. Sisley, vice-president of the company. The company made the change before the code was effective, raising its common labor wages from 25 to 30 cents an hour, which is in keeping with the code, and increasing all other labor the same number of cents per hour for all those employed. Mr. Sisley attended the conference of sawmill men of Wisconsin and

Michigan held at Milwaukee Friday, August 23, for the purpose of discussing a code of fair competition for the lumber and timber products industries. The changes in hours and wages were effective Tuesday, August 22, and other provisions of the code on Thursday, the 29th. Under the new code woods work and sawmills, that is, mills proper, were declared seasonal and may operate unless a further change is made, on a basis of eight hours per day, six days per week, or forty-eight hours. Woods work takes a wage of 27c per hour, and the schedule for board is 80c per day, except 5 or less days, which will be at the rate of \$1.00 per day, that is, 25 cents per meal and 25c for lodging. Yard planing mill machine shop, etc., are not seasonal, and the Rib Lake company is permitted to operate those departments of the mill eight hours per day, five days per week or forty hours in all. Railroads transporting logs are also considered seasonal. In seasonal employment it is understood that the company is permitted to work not to exceed ten months in a year, which in experience is the same as forty hours per week for twelve months.

10/5/33 -

### Rib Lake Lumber Mill Gets Contract

#### Million Feet Order Starts Planing Mill Working Night 30 Men Added

The Rib Lake Lumber Co. has received a contract for a million feet of lumber to be manufactured at its planing mill. The contract was awarded to the company by the Citizens Conservation Commission. The planing mill is working night and day for the first time in a long time. Mr. Sisley stated yesterday that additional men were employed by the order and that the mill will last only about two weeks. It is hoped that it will be the forerunner of further orders. The Rib Lake company has 100 men on the payroll. The planing mill is going through the planing mill to fill this order for lumber in the permanent forestry camps. The company is accumulating lumber at the company's sawmill in the area. It is the first large single order that has been taken out of the mill yard since the saw mill was started some time ago. The amount of lumber is to be delivered to the permanent forestry camps.