

A successful harvest is just about done. Now we go about the business of planning for next year. Income tax estimates are important. Marketing this crop is critical. Planning for next year will be vital. The list goes on. It is an exciting time and, in case you are feeling comfortable, Riverland Farm Business Management and I have some ideas to keep you thinking.

## Dairy World

A recent *Hoard's Dairyman* article mentioned the fifty largest milk processors in the country. Land O'Lakes came in third with 12 billion pounds of milk, AMPI came in seventh with 5 billion pounds, Foremost was close behind in eighth place at 5 billion pounds. Plainview Milk Co-op came in thirty-seventh with 458 million pounds of milk. A couple interesting things to note: The largest processor was Dairy Farmers of America in Kansas City with almost 37 billion pounds of milk that came from 12,078 farms. California Dairies came in second with 16 billion pounds of milk from only 659 farms. The processor with the fewest farms was Zia Milk in Roswell, New Mexico with only 14 farms.

If we divided the pounds of milk processed by say, 22,000 pounds of milk per cow we get the following breakdown:

Dairy Farmers of America; 3 million pounds per farm, 138 cows per farm

California Dairies; 24 million pounds per farm, 1100 cows per farm

Zia Milk; 46 million pounds per farm, 2000 cows per farm

Plainview Milk; 1.5 million pounds per farm, 69 cows per farm

As is the case for so much of agriculture, we do not need to compete with every aspect of the largest producers or processors, but we do need to function effectively to fill the needs they are unable or unwilling to address.



## Income Tax Estimates

There is not a lot new in the income tax world this year except your numbers. Section 179 is at \$108,000 for federal. This is up just a little from last year. No bonus depreciation.

With these recent corn and soybean price changes, we need to be looking at the big picture for income tax management – at least two years at once, maybe three.

## Dates to look forward to

### Agronomy Workshop at Digger's

This will be at Digger's in Kasson on Wednesday, December 6 beginning at 9 a.m. and continuing until 3 p.m. There is no charge for this workshop. Wells Fargo Bank is buying your lunch and snacks. If you can get to only one agronomy workshop, this is the one to get to. We received many favorable reviews last year on our program and I think this year we are going to do even better. Our agenda for the morning includes four informative speakers. If you have never heard Lynn Lagerstedt from Farm-Tech in Adams, then you will be happy you came just to hear him. Nobody is more down-to-earth when it comes to agronomy issues than Lynn. [Click here to see the brochure](#) for this workshop.

### Winning the Game Marketing Workshop

This will be at Grumpy's in Grand Meadow on Tuesday, December 12 at 10 a.m. until 2 p.m. Again, this is another outstanding program that could not be more timely. Everyone is struggling to know what to do with this crop and maybe even next year's. Ed Usset and his staff from the U of M have frank and practical techniques that you can use, even if you have never done any type of marketing plan before. This is where you need to be on this day if at all possible. [Click here to see the brochure](#) for this workshop.

## Beef Feeders

It is an interesting time in the beef market. With increasing feed costs, what makes feeders as strong as they are. I narrow it down to, "Hope springs eternal." Check out the annual feeder calf budgets on the web site <http://www.ndfarmmanagement.com> under the reports section. North Dakota has a lot of good information on beef feeding and beef production in general.

## 2007 Farm Program

You should have received all the money you are going to for the 2005 and 2006 program years. Your final countercyclical payment for corn of 7 cents should be in your account. There is no countercyclical payment for soybeans. You can sign up for the 2007 program at any time and take your payment of 22% of the 28 cents of the total payment. That is 6 cents. You may want to sign up if you are at the office, but not take your payment if you don't know how you are coming out for income taxes.

I will be contacting you about a farm visit. Call me or e-mail if you are ready before I am. This is a busy time of the year for everybody with the holidays and all that means.

## Dr. David Kohl Speaking Again

(adapted from the 11/06 South Central College–Faribault FBM newsletter)

Dr. David Kohl will be speaking again this coming January to farm business management families. The South Central region, along with two others, will be hosting Dr. Kohl at the South Central College campus in Mankato for a full day January 9, 2007. A number of farm families took in this presentation last year and it was highly recommended to bring him back in a year.

This year's topic will be "*How to Manage \$3 Corn*". The cost has not yet been determined; potentially, it will be \$15/family and only currently enrolled farm business management families will be invited. We were at capacity last year and we're confident that we will reach a capacity crowd again this year. Mark your calendar and make a reservation by calling your instructor.

## Food Grade Soybean Varietal Plots

The U of M Extension has published their plot results. [Click here to see the report.](#)



## Minnesota Tax Code

(from the 11/06 South Central College–Faribault FBM newsletter)

We have a new tax law change in Minnesota this year that may have an impact on our farms which concerns the Section 179 expensing rules. Federal tax law allows you to expense up to \$108,000 for 2006 in new purchases that can be written off against your farm income. Minnesota has always followed the IRS rules up to this year in allowing the same deduction. In 2006, the MN Department of Revenue changed the rules to only allow \$25,000 from the total Federal expensing amount; you can then subtract 20% of that total on the MN return for the next five years.

## 2007 Minnesota Organic Conference & Trade Show

The Minnesota Organic Conference and Trade Show will be held at the St. Cloud Civic Center January 19–20, 2007, with the trade show being held in the Glenn Carlson Exhibit Hall at the Civic Center.

The conference, organized by the Minnesota Department of Agriculture, offers learning and networking opportunities for producers who are new to organic production, as well as more experienced producers. [Click here for the registration form.](#)