

### Upcoming Events of Interest

Things that farmers, gardeners, and ranchers may want to check out:

- K-State Corn School: Jan 11, 8am-2pm; Douglas County Fairgrounds, Lawrence. <https://bit.ly/2BjL1K3>
- K-State Soybean School: Jan 16, 3-7pm; NE KS Heritage Complex, Holton. <https://bit.ly/2BfvFX0>
- 2019 Northeast KS Sheep and Goat Meeting: Jan 28, 7pm; Valley Falls fair building. <https://bit.ly/2Pyq6rP>
- Dairy Day: Feb 1, 10am-3pm; Seneca Community Center, Seneca. <https://bit.ly/2ExKNDh>
- Farm Transition Workshop: Feb 13, 1:30pm; Northeast KS Heritage Complex, Holton. Contact Margaret or check the website for more details.
- DP Co. Conservation District Annual Meeting: Jan 28, 6pm, Troy Community Building. RSVP to the Conservation District by Jan 18: 785-985-2221 x3.
- K-State Swine Profitability Conference: Feb 5, Manhattan. <https://bit.ly/2SLT09G>
- Women Managing the Farm: Feb 6-8, Manhattan. <http://womenmanagingthefarm.com/>
- Farm Transfer Meeting: Feb 13, NE KS Heritage Complex, Holton. Contact Margaret or check the website for details.
- Ag Breakfast: Feb 28, ???, Troy Community Building. RSVP to the Conservation District: 785-985-2221 x3.
- K-State Cattlemen's Day: Mar 1, Manhattan. <https://bit.ly/2GFdBYg>
- Tree Care Workshop: Mar 9, Doniphan County Fairgrounds. Time TBD, watch the website for details or contact Margaret.

Details on local events will be posted on the county Extension website: [www.doniphan.k-state.edu](http://www.doniphan.k-state.edu)

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### The Farm Bill is Here!

At long last, the House and Senate worked through – or at least compromised – on their differences to bring the 2018 Farm Bill debate to rest. The biggest dollar item of the bill, the food and nutrition portion (i.e. food stamps/SNAP) is largely unchanged.

For farmers and producers, there are some changes, but most should be beneficial, and the changes are nowhere near as drastic as were in the 2014 Farm Bill. Watch for some Extension events in the next few months to go into more detail. However, in brief:

- Producers will start having annual program elections in 2021! No more guessing how the next five years will pan out – if the market changes, you can change your elections the next year to adapt.
- Base acres that were not planted to their program crops at all during 2009-2017 will be suspended from payments but will not lose historical base. This mostly affects wheat acres planted to grass or pasture.
- The effective reference price is determined by a formula and can rise by up to 15% if prices drastically improve. A minimum-level statute reference price is in place, and with prices as they have been, these will likely be used.

For PLC specifically:

- Producers can update their payment yields for the 2020 crop year. A slightly complex formula is used.

For ARC-CO specifically:

- Payments will be calculated based on the physical location of the farm, rather than administrative county.
- Benchmark yield calculation and data sources are altered slightly.
- New deadlines should speed up the process of getting a county yield and estimating payments.

Regarding crop insurance: farmers may now insure up to 80% of production. And in year when grain quality suffers – such as 2018 – insurance eligibility is increased.

Read more about this in the full preliminary report from K-State's Ag Economics department:

<https://bit.ly/2S85yYY>

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## Other Changes in the 2018 Farm Bill

The new Farm Bill is a mixed bag on the conservation front. Both the Conservation Reserve Program (CRP) and Conservation Stewardship Program (CSP) are present as distinct entities. Many of the “tiny but mighty” programs received permanent baseline funding. But over the next few years, things will change.

CSP, which is often thought of as the “next step” to EQIP participation (Environmental Quality Incentives Program), was eliminated in the House bill, but ended up being included with current funding preserved. However, over the next decade, funding for CSP will be shifted to EQIP. Conservation will still continue, but the precise methods may differ.

While CRP is extended and the acreage cap expanded, this expansion will be balanced by a reduction in per-acre rates paid (down to 85% of average county rental rate for general sign-ups, and 90% for continuous CRP).

The “tiny but mighty” farm bill programs include the Beginning Farmer and Rancher Development Program (BFRDP), Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers Program, Value-Added Producer Grant program (VAPG), and Farmers Market and Local Food Promotion Program (FMLFPP). However, some of these programs are being combined: VAPG and FMLFPP will combine as the Local Agriculture Market Program (LAMP) and the others will be called the Farming Opportunities Training and Outreach program (FOTO). Because we all wanted more acronyms, right? These programs, which had previously been re-budgeted with each farm bill, now have permanent baseline funding.

More details on the small/beginning farms and conservation side of the Farm Bill may be read at <https://bit.ly/2LfTIPC> and <https://bit.ly/2zZh7L7>.

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## Second Round of MFP Will Happen

The President’s Market Facilitation Program (MFP), first announced earlier this year, provides per-bushel payments to producers to help combat the effects of trade negotiations. While the payments have not been much, and are particularly small seeming to those affected by drought, every bit helps. A first payment

was announced a few months ago, to be made on half of the year’s production; this new payment is the same.

With both payments, soybeans receive a total of \$1.65/bu on 100% of 2018 production; corn will receive \$0.01/bu on 100% of 2018 production; dairy will receive \$0.12/cwt; hogs will receive \$8/hd.

Producers looking to enroll must sign up with their local FSA office by Jan 15 2019. All evidence of 2018 production must be submitted by May 1.

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## Farmer’s Tax Guide 2018 – ERRORS!

From Roger McEowen at Washburn University:

Each year, the IRS produces Publication 225 - the Farmer's Tax Guide. The 2018 edition is now available on the web - all 93 pages of it. Generally, it provides a good overview of farm tax topics and provides guidance to farmers, ranchers and their practitioners in preparing farm tax returns. However, this year's edition contains a major mistake concerning depreciation.

The Tax Cuts and Jobs Act (TCJA) establishes a 5-year recovery period for machinery or equipment (other than any grain bin, cotton ginning asset, fence, or other land improvement) used in a farming business, the original use of which commences with the taxpayer and is placed in service after December 31, 2017. That means that new farm machinery and equipment is 5-year MACRS property. The provision DOES NOT APPLY to used farm machinery and equipment. Used farm machinery and equipment remains 7-year property.

Unfortunately, the 2018 version of the Farmer's Tax Guide has the following statement on page 36, right-hand column, second paragraph:

*"Depreciation of certain farm property. The recovery period for any machine and equipment (other than any grain bin, cotton ginning asset, fence or other land improvement) used in a farming business and placed in service in 2018, has changed from 7 years to 5 years."*

This is incorrect. The 5-year provision only applies to new machinery and equipment (as specified above). Used machinery and equipment remains 7-year property.

On page 44, the IRS sets forth a table on depreciation of farm property. After the entry in that table for "farm machinery and equipment" (which is denoted as 5-year property), the IRS places a footnote. In that footnote, properly denotes that such machinery and equipment

must be new property (by quoting the statutory language). However, it is not likely that many readers (particularly persons other than tax professionals) will read that footnote.

Also, if a taxpayer were to take the position that used farm machinery and equipment is 5-year property, neither the IRS nor the courts will give any weight to an IRS publication. Taxpayers rely on IRS publications at their own risk. That seems completely unfair, but that's the way it works.

The Farmer's Tax Guide may be found at [www.irs.gov/pub/irs-pdf/p225.pdf](http://www.irs.gov/pub/irs-pdf/p225.pdf)

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### **Doniphan County Conservation District Annual Meeting Features Information on How a Solar System Works**

from Chris Griffin, Doniphan County Conservation District Manager

The Conservation District Annual Meeting "Banker Award Night" will be held in the Troy Community Building beginning with a dinner served by the 4-H exchange trip families at 6:00 PM on Monday, January 28, 2019.

This year we are happy to announce that Bill Wood will be our featured speaker. Bill Wood is a Project Developer for Cromwell Solar where he works with homeowners, rural landowners and businesses across Kansas in helping them explore the possibilities of utilizing solar to provide their electricity needs. Bill spent 34 years in four counties in Kansas as a County Extension Agriculture and 4-H Agent helping rural landowners in being good stewards of their resources. He and his family enjoyed working in Doniphan County from 1988-1999. In Wabaunsee County in the 1980's, he helped with workshops on building solar hot air panels and solar food driers. In 2010 in Douglas County he led their Extension Office through an energy audit and improvements that saved \$2000 in energy bills the first year (and will continue to each year) after their improvements. He lives by a value most farmers do, "being good stewards of our natural resources."

Bill will explain how sunlight can be turned into electricity that can blend into the electrical grid so that it helps power our electrical needs. He'll share how a solar system works, the solar policies we have in Kansas, and how to determine if a home, farm or business might be a good candidate for solar.

Please make reservations for the dinner by calling the

Conservation District at (785)985-2221 x 3 or emailing [chris.griffin@ks.nacdnet.net](mailto:chris.griffin@ks.nacdnet.net). Reservations are required by January 18, 2018.

Kansas Banker Awards and Poster Contest winners will be recognized. A short business session will be held to report on 2018 activities. An election will be conducted for the supervisor position currently held by Joan Nimitz.

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### **Farm Transfer Meeting in February**

No one likes thinking about the death of family members. On top of the loss and sadness, navigating the estate transfer is not easy. It's especially difficult in the agriculture world, where so many uncertainties abound. Does anyone even want the farm? Can they afford it? How are the non-farm heirs treated equitably? Can the transition be arranged to prevent family strife?

On February 13, Extension is offering a chance to hear one farm's take on transitions. Mark Peterson of Stanton IA did not come by his own farm in the traditional way – it was not a family-owned property, but rather from some community members who saw in him a good steward of the land. Mark will share his story, and will discuss how he now is considering the future transfer of the farm – perhaps to one of his five sons, or perhaps to someone else entirely. Roger McEowen, Kansas Farm Bureau Professor of Agricultural Law and Taxation at Washburn University School of Law, will be on hand to address some of the more technical legal aspects.

Details are still being finalized – contact Margaret at the office or watch the county website for more information.

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### **Dicamba...Again**

Dicamba issues seemed to be fewer this year than in 2017, but the herbicide is still under high scrutiny at the state and federal levels. Product registrations for Xtendimax, Engenia, and FeXapan have been extended through 2020, though with more restrictions. Most notably, **only certified applicators** may purchase and apply – no more application under direct supervision. Dicamba or auxin training is required **annually** for anyone applying. There are also stricter date and timing restrictions. We have no word yet on how Kansas will handle the auxin training – keep an eye out for more details as we get them.