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Taxation Tidbits: Weather-Related Sales of Livestock

Weather variability is one of the greatest sources of risk in farming. Weather conditions frequently cause livestock producers to sell more livestock, in a given year, than would be their normal practice. Congress has recognized the impact weather can have on producers' taxable income and has created two special tax provisions [Code Section 451(e) and 1033(e)] to reduce the income tax liability resulting from weather-related sales.

Code Section 451(e): Code Section 451(e) allows a producer who sells more livestock than they normally would have because of drought, flood, or other weather-related condition to postpone recognizing gain from that sale until the following year.

Code Section 1033(e): This provision is similar, however, only applies to sale of livestock that were held for ***draft, breeding, or dairy*** purposes - in excess of normal, sold due to drought, flood, or other weather-related conditions. However, with this provision the producer does not recognize the gain on the sale, but instead elects to replace the livestock at a later date.

Both of the deferral provisions hinge on: weather-related sales of livestock in excess of normal number of head.

The second provision, Section 1033(e), is used when a producer plans to replace the breeding, draft, or dairy animals at a later date. As with Section 451(e), only the number of head in excess of normal sales will qualify. To postpone gain under this provision, replacement property must be acquired within a specified period of time. The replacement period begins on the date the livestock were sold or exchanged. The replacement period generally ends 2 years after the close of the tax year in which the livestock were sold. The livestock purchased to replace the previous ones must be used for the same purpose, i.e. breeding stock must be replaced with breeding stock and dairy cows with dairy cows.

However, for areas designated as eligible for federal assistance, the replacement period is extended from two years to four years. So for counties that were declared eligible for federal assistance producers have up to four years to replace the livestock.

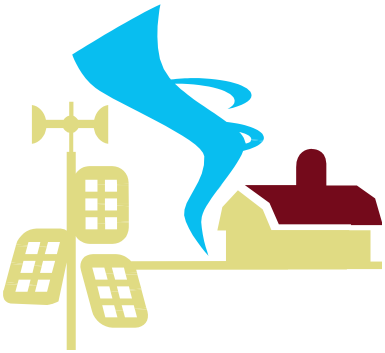
Producers that are forced to sell more than normal numbers of livestock due to weather conditions will likely find it well worth their time to visit with their tax consultant about postponing the gain from those sales.

Source: *Parman R. Green, Ag Business Mgmt. Specialist*

Tornadoes Prompt Interest in Storm Shelters and 'Safe Rooms'

The devastating tornadoes that have hit Missouri in 2011 may have caused many Missourians to take a closer look at their vulnerability to nature's wrath and to make better preparations for surviving future storms. Having a shelter or a 'safe room', built into or near the home can help protect families from injury or death caused by the dangerous forces of extreme winds.

All of Missouri is in Wind Zone IV, meaning wind gusts from severe storms can exceed 250 miles per-hour. The number of recorded tornadoes is 5-15 per 2,470 square miles for much of the state. Combining these factors places the entire state at a high risk level that warrants a shelter as the preferred method of protection.



The shelter or safe room should be free of clutter and readily accessible from all parts of the house. It must be located in a flood-free area, well-anchored to resist overturning and uplift, and the walls, roof and door made strong enough to resist penetration by wind-borne missiles. Common house construction techniques based on "minimum" building codes generally don't provide adequate protection. Most Missouri counties do not have even these minimum building codes.

Resources for storm shelters and safe rooms:

- To help homeowners and builders design and build shelters that do withstand extreme wind speeds, the Federal Emergency Management Agency has a 46-page booklet entitled FEMA 320 "Taking Shelter from the Storm: Building a Safe Room For Your Home or Small Business," which includes 18 pages of construction plans and cost estimates. A free copy can be obtained by calling FEMA toll-free at 1-888-565-3896 or visit their Web site at http://www.fema.gov/plan/prevent/saferoom/fema320.shtm
- "Storm Cellar" (USDA Plan #6209) is a one-page construction blueprint for building two sizes of in-ground concrete storm cellars (8 ft. x 16 ft. and 5 ft. x 10 ft.). The plan is available for $3 plus shipping and handling through the University of Missouri's Agricultural Engineering Department by calling toll-free 1-800-995-8503. A smaller working drawing is available online at http://www.ag.ndsu.edu/aben-plans/6209.pdf.
- Bob Schultheis, University of Missouri Extension Natural Resource Engineering Specialist has compiled a Storm Shelter Packet with further information available for download at http://extension.missouri.edu/webster/webster/security/StormShelterPacket.pdf

Whether you build a shelter or not, two important steps you can take to protect your family are to prepare an emergency plan for dealing with disaster situations and put together an emergency supply kit for home, business and each vehicle.

More information on emergency preparedness and disaster recovery is available online at http://extension.missouri.edu/main/DisplayCategory.aspx?C=10.

Source: *Bob Schultheis, MU Extension Natural Resource Engineering Specialist*

Cicadas, the aftermath

The periodical cicada's song, if it can be called that, disturbed the late May and June days and sometimes nights. Not since 1998 was such a sound heard. Cool temperatures did slow their emerging from the ground, begin chorus and continuing symphony. Warmer days activated their volume reaching nearly 100 decibels.

The noise was actually individual clicks and buzzes. It is when taken in with thousands of other clicks from thousands of male cicadas. Combined it makes a shrill, shrieking or roaring noise may wear on nerves. What drives them is finding a female partner to complete their life cycle.

Male cicadas have two large plates visible from the underside of their abdomen. If you lift those plates you can see a hollowed-out area and a pair of rigid membranes called tymbals that are attached to a muscle. When the muscle contracts, the tymbal bends slightly and makes a click, and when the muscle relaxes it snaps back into place, click, and by rapid contraction you get the click-click-click that makes the cicada's shrill noise.

Each species has its own variation of the song. That may help them find proper mates in areas where species overlap.

Mating calls begin in the morning and peak in mid-afternoon, reaching a volume of nearly 100

decibels. As temperatures cool into the evening, the noise slows or stops until the next day.

After mating, females crawl on smaller branches and use a saw-like egg layer to slit open twigs and insert eggs. Each female usually deposits 24 to 28 eggs under the twigs' bark. They will repeat this as many as 20 times before going to another twig. One female can lay 400 to 600 eggs. The eggs remain in the twigs for six to 10 weeks before hatching and the cicada nymph drops to the ground.

These slits in the branches cause the damage. It can be seen in trees as dead clumps of leaves at the ends of branches. The damage is easy to spot as elongate scars where the tree has tried to heal the egg laying slits. Later, sometimes years later, damaged branches will break and fall out of the trees.

Chris Starbuck, MU's woody tree specialist, believes the 1998 cicada broods in Missouri increased the incidence of oak wilt, a potentially lethal fungal disease. The fungus is spread by a beetle that's attracted to the sap that comes from wounds in a tree.

The large numbers of periodical cicadas provide a large food source for insect predators. Game and other woodland creatures are well fed for the almost two months of cicada abundance.

Unfortunately, there is another predator that may cause additional human discomfort as a result of the cicada invasion - itch mites. They feed on cicada eggs and then fall to the ground. At this time they act almost like chiggers. Itch mites can crawl onto humans, feed and cause intensely itchy bites. One study indicated that more than 300,000 mites per tree fell per day from pin oaks in Kansas.

There is a story from 1998 when a high school sports team came in contact with an itch mite infestation and was rendered unable to compete in an event.

There is no recommendation for control of cicadas. Small trees may need to be covered with netting to protect them. Insect repellents are ineffective on itch mites.

Otherwise, it is a unique marvel of nature. 1998 was the last year the 13 and 17 year cicadas emerged together. This year it is only the 13 year cicada and in 4 years we get to experience the return of the 17 year cicadas.

For more information, see MU Extension publication "Periodical Cicadas in Missouri" (G7259), available for free download at http://extension.missouri.edu/publications/DisplayPub.aspx?P=g7259 or from your local MU Extension Center.

Source: *Bruce Barrett –MU Extension Entomology, Chris Starbuck - MU Woody Tree State Specialist and Jim Jarman - Agronomy Specialist*

Look Out for Perilla Mint

Late last summer, many pastures and hay fields in central Missouri were found to contain the toxic plant, perilla mint. There were several livestock deaths attributed to animal consumption of this plant. Once it was discovered last summer, it was too late to do anything about controlling the plant and management suggestions centered around making sure livestock had enough forage to eat in the hopes they would leave the perilla mint alone.

Identifying characteristics of perilla mint include a distinctive minty odor and oval, green to purple leaves with toothed margins. The stems are square and can also be green to purple. Mature plants can be 4 to 5 feet tall.

The University of Tennessee has produced a publication on perilla mint and the following information is taken from that publication. The link to the full publication is located at the bottom of this article.

Perilla mint causes more cattle deaths in Tennessee than any other toxic plant. Perilla is very poisonous to cattle and other ruminants, as well as horses. All plant parts are toxic, especially the flowering structures. Dried plants in hay can be toxic, but the greatest risk is associated with consumption of fresh plant material, especially if flowers and fruit are present. Perilla mint contains ketones that cause acute respiratory distress syndrome in cattle (ARDS), also called panting disease. Treatment is often ineffective.

Although these plants can occur anywhere in a pasture or feed lot, they typically favor semi-shaded environments, and are most frequently located around farm structures, edges of woods and along fence rows. Cases of poisoning from these weeds are a concern during the late summer and early fall when other grasses

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and forages might be in short supply and the perilla mint is flowering. Cattle will normally not feed on these toxic weeds unless there is a shortage of other feed. Therefore, it is crucial to have a ready supply of quality feed available for farm animals during this time of the year.

Photo: Perilla Mint

If control measures are not taken early, it becomes even more crucial in late summer to maintain an adequate supply of quality feed for cattle and other farm animals so they will not feed on these toxic weeds. Grazing in infested pastures should be limited during late summer when perilla mint is flowering. Avoid harvesting forages in areas infested with these weeds. Mowing perilla mint plants before seed is produced will help prevent further reproduction and spread.

We are too late this year to spray for this broadleaf weed. However, according to Dr. Kevin Bradley, Extension Weed Specialist at the University of Missouri, perilla mint can be controlled with the following chemicals: 2,4-D, Grazon P+D or Remedy Ultra. May and June are recommended months to spray for perilla mint control.

If you find areas where this plant is growing, be sure to mark them for spray treatment next spring.

The full University of Tennessee publication, including color pictures, is located at the following link: http://www.utextension.utk.edu/publications/wfiles/W135.pdf

Source: *Gene Schmitz, Livestock Specialist*

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