Buying or Selling Hay

Producers buying or selling hay always have the issue of pricing the stuff. Hay pricing should take into account all production costs. These include costs for putting up the crop, fertilization of hay fields and any land ownership costs the landowner needs to recoup.

The Missouri Department of Agriculture publishes a weekly hay market report for many different hay categories. (Go to http://mda.mo.gov/Market/ then follow the directions for USDA Hay and Missouri.) How should producers compare the price of hay when it is sold by the ton vs. by the bale? The only way to compare hay priced by these two different methods is to weigh the bales and then compare cost on a weight basis.

Producers don’t need to weigh every bale, but weighing random trailer loads as they are being hauled off the field gives an estimate of average bale weight. Use this information to calculate the cost per ton of hay. This allows for a direct cost comparison between two sources of hay. This also gives an estimate of average hay yield, an important consideration when applying fertilizer.

So which is cheaper, $20 per bale or $40 per ton? The answer depends on bale weight. A 900 pound bale priced at $20 per bale actually costs a few cents over $44 per ton. A 1,300 pound bale priced at $20 per bale actually costs about $31 per ton. The difference is more dramatic as the price per bale increases. When priced at $40 per bale, a 900 pound bale costs $89 per ton while the 1,300 pound bale costs about $62 per ton. If we figure 10% waste due to storage and feeding losses, this difference increases to over $30 per ton for hay that is priced at $40 per bale simply due to differences in bale weight.

Hay isn’t bought and sold just for the fun of it, so how do these different bale weights impact cow feed costs? Assuming we are feeding a 1,200 pound cow and paid $40 per bale with 10% storage and feeding waste, a 900 pound bale costs $1.48 per day to feed the cow while the 1,300 pound bale costs $1.03 per day to feed the same cow. Can you afford to pay an extra $0.45 per cow per day in feed costs simply due to differences in bale weight?

Listings to buy or sell hay can be put on AgEBB for free http://agebb.missouri.edu/haylst The listings are free and will stay up for 60 days. The listings posted on AgEBB are also automatically listed on the Missouri Department of Ag hay directory http://mda.mo.gov/abd/haydirectory For more information call your local extension center to find the closest agriculture specialist.

Source: Gene Schmitz, Livestock Specialist
Reclaiming Flooded Land with Tillage

When flood waters recede, landowners may be surprised or even shocked at the damage left behind. Damage may range from erosion in some locations to sand and debris deposits in others.

Bringing flooded land back to before flood production depends on the type and degree of damage. Before tilling agricultural land, check with the Natural Resources Conservation Service (NRCS) to determine whether the land is classified as highly erodible (HEL). The conservation compliance plan for your land may require residue cover. Failure to maintain proper residue levels for erosion control could result in a loss of USDA program benefits, including Conservation Reserve Program (CRP) and/or disaster aid payments.

On upland soils, severe erosion such as gullies, rills, and terrace breaks may have occurred. Contact your NRCS/Conservation District office before tilling or making repairs because cost share may be available. In stream valleys high in the watershed where slopes are steeper, scouring in the floodplain is common. If these soils have eroded, reclamation may require some or extensive earth moving.

In river bottoms, severe cutting (scouring) and sand deposits may occur. When sand deposits are thin, reclaiming land with normal farm tillage equipment or an on-farm earthmover is usually possible and practical. However, if the layer is deeper and more widely spread across the field, you may need deep plowing or even removal of deposits.

Incorporating sand deposits into underlying soil may make the soil more susceptible to future wind and water erosion than the original soil would have been. A cover crop, strips of tall vegetation, or wind breaks may help protect soil from wind erosion during winter and early spring.

Depending on the duration, velocity, and extent of flooding, millions of tons of sand can be deposited in floodplains. In 1993 floods affecting nine Midwestern states, sand deposits ranged from a few inches to more than 8 feet deep. Flood sand deposits typically have low water-holding capacity with low organic matter and nutrients. These deposits can greatly impact soil productivity. When the farm is affected by sand deposits, producers need to assess conditions of each field (or areas of a field) separately. The depth of sand deposits, total area affected, and texture of underlying soil layers are critical factors. Soil surveys, along with knowledge of the farm, are useful in assessing pre-flood soil conditions. Contact your local NRCS office for assistance in obtaining a soil map for your property, or view soil survey information online using the NRCS Web Soil Survey at [http://websoilsurvey.nrcs.usda.gov/app](http://websoilsurvey.nrcs.usda.gov/app)

For deposits of less than 4 to 6 inches, a chisel with twisted points or a moldboard plow can be used for incorporation. A moldboard plow should adequately incorporate deposits in one pass, while the chisel may require multiple passes. Tillage depth for either implement should be 10 to 12 inches. When deposits are deeper than 4 inches, but only cover a limited area of the field, the sand should be spread over an area large enough that the depth does not exceed 4 inches. The sand is then incorporated into the underlying soil.

If a large area or the entire field is covered with more than 4 to 6 inches of sand, normal farm-tillage tools generally will not do the job. The deposits can either be removed, or a large inverting/incorporating plow (operating much deeper - 2 to 5 feet) can be used. If the sand deposits are uneven, spreading them prior to tillage typically reduces the necessary tillage depth and cost. The table above shows suggested plowing depths based on depth of sand and the underlying soil texture.

The power required for deep tillage is related to tillage depth and speed and can be extremely high. Plowing 5 feet deep at 3 mph requires approximately 400 horsepower for tracked tractors, while plowing 2 feet deep requires about 150 horsepower.

Agricultural tractors are not recommended for deep plowing because they have difficulty generating traction on deposits and they are usually not designed for slow speed lugging. These tractors typically operate at higher speeds (4-6 mph). Construction machines are a better choice because they are designed to operate under high speeds.
loads at low speeds. Operating agricultural tractors at low speeds and with high drafts can lead to drive-train failure. Flooded land can be reclaimed and put back into production, but the cost to do this can become quite expensive. Evaluate each field or area independently and consider all options before making any decisions. Check with your NRCS/Conservation District and Farm Service Agency offices for information concerning compliance with farm programs and availability of cost share. Carefully evaluate the cost before committing to restoration.

This Article came from: Randy Price, Extension Specialist, Farm Power & Machinery; Morgan Powell, Extension Engineer, Water Quality DeAnn Presley, Graduate Research Assistant, Agronomy Kansas State University Agricultural Experiment Station and Cooperative Extension Service MF-1149 rev February 2007 at: http://www.ksre.ksu.edu/library/ageng2/mf1149.pdf Submitted: Jim Jarman, Agronomy Specialist

Form 1099 Filing Requirements: Second Verse

Most businesses are required to issue and file IRS form 1099 MISC for certain types of payments made to others. The general rule is if your business pays an unincorporated entity $600 or more during the year for services or rents, those amounts should be reported on Form 1099 MISC. Provisions in last year’s Health Care Bill and the Small Business Jobs Act were designed to significantly expand the depth and breadth of reporting requirements to also include goods purchased and for payments made to corporations. These provisions had the makings of compliance and reporting nightmare. The intent behind these expanded reporting provisions was to help reduce the “tax gap” on income actually earned and the income reported for tax purposes. While the intent had merit, the strategy was just plain onerous.

Following a lot of tongue lashing and being flooded with letters from constituents, Congress has passed legislation repealing the 1099 reporting provisions in both the Health Care Bill and the Small Business Jobs Act. This new legislation is known as H.R. 4, the Repeal Bill, or the verbose version is the “Comprehensive 1099 Taxpayer Protection and Replacement of Exchange Subsidy Overpayment Act of 2011” and has been signed into legislation. So for now, Form 1099 reporting is back to the same requirements we have been subject to for many years. However, the IRS and Congress (and I believe the majority of citizens) are still concerned with the “tax gap” – so don’t be surprised to see future legislation aimed at narrowing the gap. Just remember what goes in the front door of Congress is not always recognizable when it comes out of Congress.

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

Oil Spill Prevention, Control, and Countermeasure (SPCC) Program: Information for Farmers - Revisited

In the September 2010 issue of Ag Connection there was an article on the Spill Prevention, Control and Countermeasures (SPCC) rule pertaining to oil, gasoline, diesel and other oil-based products. This article is an update on the SPCC rule.

In 2009, the U.S. Environmental Protection Agency (EPA) finalized its amendments to the SPCC. Under the rule, revised requirements were promulgated for farms and ranches; aboveground fuel storage capacity is the major factor in determining if a producer must have a spill control plan. Farms that meet all of the following criteria are covered by the SPCC regulations:

- Stores, transfers, uses, or consumes oil or oil products, such as diesel fuel, gasoline, lube oil, hydraulic oil, adjuvant oil, crop oil, vegetable oil, or animal fat; and
- Stores more than 1,320 US gallons in aboveground containers or more than 42,000 US gallons in completely buried containers; and
- Could reasonably be expected to discharge oil to waters of the US or adjoining shorelines, such as interstate waters, intrastate lakes, rivers, and streams.

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Farms with a storage capacity above 10,000 gallons need to complete a plan certified by a professional engineer. Operations with storage capacity less than 10,000 gallons but greater than 1,320 gallons may complete and self-certify a plan using a template provided by EPA, but the criteria should be reviewed to make certain this option is available.

Bottom line, if you have 1,320 gallons of petroleum storage or more, a Spill Prevention Control and Countermeasure (SPCC) plan needs to be completed by November 11, 2011.

For further information a brochure from the EPA can be downloaded through the Agricultural Retailers Association at: http://bit.ly/kXrewy

To download the forms for a SPCC plan go to: http://www.epa.gov/emergencies/content/spcc

The SPPC plan can be “simple” insurance plan for those with over 1320 gallons of petroleum products on their farm. The SPPC plan can help a farmer or agricultural facility be prepared to prevent and respond to oil spills and protect water resources.

If you have any questions or for more information, contact Kent Shannon, Natural Resource Engineering Specialist at e-mail: shannond@missouri.edu or phone: 573-445-9792.
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