

**Statement of Estimated Economic Value to Missouri from a \$30 tax incentive to
stimulate beef cattle backgrounding in Missouri**
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Assumptions:

1. 10 year FAPRI forecast for returns to the Cattle Industry
2. 300 pound gain above current protocol
3. Farmer – Feeders
4. 2.5 ADG w/ 30 cent Feed Cost of Gain
5. All tax incentives are fully utilized and are attributed with the sustained change in production practices intended.

Results¹:

1. Producers meeting production assumptions could expect to average a net gain of \$45/head over a 10 year planning horizon
2. This increase in farm income would provide an increase in economic value to the state of \$91,000 for every 1000 head retained
3. The total annual economic benefit to the state from adding value and retaining cattle under these assumptions would be \$407,000 per year for every 1000 head which would maintain about 6 full time jobs for Missouri's labor market beyond the farm gate.
4. A tax incentive of \$30 per head would have an impact on the state's economy at a rate of 13.5:1 (every \$1 in tax incentive provides a \$13.50 value to the state).
5. Indirect Business taxes consist of excise taxes, property taxes, fees, licenses, and sales taxes paid by businesses. These indirect business taxes accrue to all levels of government during the normal operation of a business but do not include income taxes. Indirect business taxes collected from the estimated increase in backgrounding due to the tax credit incentive are estimated to amount to approximately \$9 per head to all government subdivisions. Thus, every additional 1000 head backgrounded would generate an additional \$9,000 in indirect business taxes for all governmental subdivisions in Missouri. This tax return to government would compliment the economic impact to the general economy discussed above.

¹ This analysis does not account for the increased stability of rural economies that would be expected from having a more profitable agriculture base.