

Economic Factors from a 2,400-pig Contract Grow-Finish Unit to the Local Community, County and State

Prepared: April 12, 2006

Economic Impact of the Swine Operation Construction

Overall construction project cost will be \$520,000 for site preparation, buildings, equipment and manure storage. The \$20,000 for site preparation and water supply, included in the above project cost, will vary considerably depending on site characteristics. While crop farmers entering into contract production are expected to have sufficient tractor power, additional manure handling equipment will cost approximately \$40,000. A significant portion of these dollars will be spent locally for contractors, specialized labor, and building supplies for constructing the operation.

Farm Level Annual Economic Impact of the Swine Operation

- The swine operation will generate an average of \$122,000 in gross revenue per year: \$88,000 from contract payments and \$34,000 of fertilizer value in the manure.
- An estimated \$207,000 in economic activity will be generated annually in the state due to the multiplier effect of the annual expenditures of the swine operation. Most of that economic activity will be generated in the surrounding rural area.
- There is a one-time economic benefit of \$1,009,000 for the construction of the facility.
- The swine operation will spend \$3,500 per year in real estate and property taxes.
- The swine operation will spend \$3,000 per year in insurance fees.
- The swine operation will spend approximately \$5,000 per year in utilities.
- No significant outside labor will be needed to take care of the pigs. All labor expenses will be compensated in the contract payment which the farmer receives.
- Manure distribution is expected to add annually \$7,000 of expenses for labor, fuel, taxes, insurance, and repair.
- Indirect jobs in the community supported by swine operation include: equipment repair and maintenance, insurance, banking, custom manure hauling, supplies, and veterinary services.
- The swine operation may provide local crop producers with a new market for corn; total corn acreage needed for the operation will be 500 acres.
- Nutrients from the grow-finish swine operation provide the annual fertilizer requirements for approximately one section of cropland managed in a corn-soybean rotation (320 acres of corn per year receive manure). Landowners would save about \$50/acre assuming fertilizer prices of \$.35/lb N, \$.28/lb phosphate and \$.22/lb potash.