



U.P. Ag Connections

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NEWS & VIEWS

By Frank Wardynski, MSU Extension Educator

I've written before regarding the great potential for agricultural growth we have here in the U.P. Continued increase of agriculture commodity prices has increased demand for the use of agricultural land in the U.P. Local food demand is increasing and local food production and marketing is the largest growth area we are experiencing on a percentage basis. The opportunities to increase agriculture production in the U.P. are great. However, we have several factors that will limit the growth of agriculture or at least the rate at which it can grow. In my opinion, our greatest challenge is the lack of infrastructure to support agriculture.

Also, the infrastructure is not equal across the U.P. Producers located in the Central U.P. have far great opportunities and are much closer to purchase inputs at commercially competitive prices and to sell large volumes of product. This opinion is not a statement of fairness, but rather a statement of how things are. I believe I have been forward enough with my statements in previous articles, I believe strongly in our free enterprise system. When agriculture becomes large enough to support vendors in the Eastern and Western UP, they will come. The same can be said for the markets. As soon as it's profitable to build a grain elevator for example in Bruce Crossing, they'll do it. Even the Central U.P.'s purchasing and selling opportunities are limited compared to where I grew up. Within 20 miles there were four grain elevators all selling fertilizer, chemical, seed and such and there were three implement dealers.

Many producers in various locations have to travel well over 100 miles to buy machinery, fertilizer, feed, and supplies at commercially competitive prices. Ask the dairy farmers of Ontonagon, Baraga and Houghton counties about the challenges they face with milk marketing and transportation. Cattle are going to Lower Michigan, Minnesota and Iowa. Grain and oil seed production has grown rapidly, even though the product is being transported 150 plus miles to market.

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My simple point, like in any business we have challenges to overcome. Using intelligent and creative ideas to overcome will continue to be critical. Cooperative efforts have been huge in meeting these challenges and will be even more so in the future. This cooperation may be as simple as two friends sharing machinery, groups of producers putting cattle loads together or developing truly organized efforts to market local foods.

The local food movement is growing and has many opportunities to overcome many of the infrastructure restrictions. A neighbor marketing to neighbors brings these markets much closer to home and in many ways a solution that doesn't have to include getting bigger. Farmers markets have increased in numbers across the U.P. The U.P. Food Exchange has been developed to work farmers and buyers to coordinate supply and demand. This is accomplished through the aggregation, distribution, and marketing of source-identified local and regional food products, primarily from micro to mid-sized producers to individuals, wholesalers, retailers, and/or institutional buyers.

I recently had a member of our county planning commission meet with me to discuss using agriculture for economic growth. Identifying our challenges was easy. Then he asked me how to improve the infrastructure. Wow. Identifying problems without formulating solutions, that's not like me. I don't have those answers yet, but I'm asking you to help me start that brainstorming and discussion.

~Frank

Market Report (as of 01/24/2013)

By Frank Wardynski, MSU Extension Educator

Market Ready Prices

Choice Steers	\$110-\$127	per 100 lbs.
Holstein Steers	\$108-\$113	per 100 lbs.
Hogs	\$61-\$68	per 100 lbs.
Lambs	\$100-\$120	per 100 lbs.
Cull cows	\$65-\$80	per 100 lbs.
Calves	\$90-\$140	per 100 lbs.
Goats	\$130-\$200	per 100 lbs.

Breeding and Feeder Animals

Grade Holstein Cows	\$1,700-\$2,000
Grade Holstein bred heifers	\$1,400-\$1,600

Feed Prices across the U.P. (as of 01/24/2013)

	<u>Avg. \$/cwt</u>	<u>Avg. \$/ton</u>	<u>Price Range</u>
Corn	\$18.94	\$378.67	\$320-\$436
Soymeal	\$32.86	\$657.20	\$519-\$772
Oats	\$15.72	\$314.34	\$265-\$378
Barley	\$16.52	\$330.34	\$259-\$372

Average price/100 wt. for 1 ton lots

Wanted & For Sale Listings

Personal ads will be removed monthly. We reserve the right to edit your ad. Free ads must be no more than 110 spaces. Please respect the space requirements. You can always purchase an ad if more space is required. Please call or email your ad no later than the 15th of each month. Call the Ontonagon County MSU Extension office at 906-884-4386 or email msue66@msu.edu.

For Sale: 2 year old registered Angus bull \$1,800
Contact: 906-827-3390

Wanted: Crop Land: Local Family Farm looking to rent tillable land in Menominee and Dickinson Counties. Rent to be paid in full by November 15th of each year. Rent is based on per tillable acre.
Contact: 906-438-2381

For Sale: 1995 International, 9400 Eagle, Pro Sweeper semi, Cummins N14 engine, 500 HP, 18 speed, cruise, Jake, new 24.5 tires Marquette
Contact: 906-249-0910

New Tax law Increases Direct Expense Deduction for 2012 and 2013

By: Warren Schauer, Business Management Educator, MSU

The recently passed American Taxpayer Relief Act (ATRA) of 2012 increased direct expensing for certain depreciable assets to \$500,000.

First-year Direct Expensing (Section 179) is an election in IRS code that allows businesses like farms to deduct the cost of capital purchases as a tax deductible expense. Farmers can elect to treat the cost of up to \$500,000 of qualifying property purchased during 2012 as an expense (rather than as a depreciable capital expenditure). Before the recent ATRA legislation passed direct expensing was scheduled to be \$139,000.

The election for using the direct expensing can be made after the tax year closes before filing your taxes. (continued)

This allows a farmer some flexibility to manage their deductions and taxable income after the end of the tax year.

Only certain kinds of capital purchases qualify for this direct expensing. Farm machinery, breeding livestock, grain bins, and other single purpose agriculture or horticultural structures or similar tangible personal property used in the farm business. Field tile also qualify for Section 179 expensing. General-purpose farm buildings, such as machinery sheds or hay barns, are not eligible. Land is not depreciable so it is not eligible for Section 179 expensing.

If you trade in a piece of machinery when purchasing new equipment then only the amount paid to boot is eligible. The capital item must be purchased and new or used property can be deducted as a Section 179 expense. If you inherited the property or purchased it from your spouse or parent or any lineal descendant then it does not qualify.

There are several limitations that apply for direct expensing. If the farm business purchases and places into service over \$2 million dollars' worth of qualifying property then the \$500,000 limit is reduced dollar for dollar. For example if a farm buys \$2,125,000 worth of equipment then the amount of First-year Direct Expensing (Section 179) allowed is limited to \$375,000. If the business purchases \$2,500,000 or more in 2012 then no direct expensing is allowed.

The amount is also limited to the combined taxable income before the deduction derived from the active conduct of all trades or businesses. Section 1231 gains and losses reported on form 4797 such as sales of breeding livestock and machinery are taxable income as well as wages. So for example, if a farm bought \$300,000 of farm machinery and the net farm income is \$125,000 the First-year Direct Expensing is limited to \$125,000. The amount disallowed by this business taxable income limitation can be carried forward against future capital purchases.

As always it is a good idea to review any elections with your tax advisor.

Copper Country Farm Bureau Workshop Series

Hosted by the CCFB Young Farmer Committee

To be held In the SISU Room of the Houghton County Arena
1500 Birch Street, Hancock, MI

\$5.00 per person for non Farm Bureau members for each workshop

Animal Husbandry; Vet Science Wednesday March 6 at 7 p.m.

Speaker- Veterinarian John Talsma

Topics covered will include- how to treat minor cuts, injuries, and ailments; what should you stock in your farm medicine cabinet; routine care and vaccinations; questions and answers

Strawberry and Blueberry Growing Tips Wednesday March 13 at 7 p.m.

Topics covered will include- planning, ordering, soil preparation, planting, plant maintenance, harvesting, selling, pruning and questions and answers

Small Livestock and Poultry swap and sale Saturday May 4th 8 a.m. – 12 noon

To be held next to Erickson Feed, Seed and Pet Supply in Hurontown (Houghton)

The public is invited and welcome; No admission fee for buyers or sellers Swap participants are reminded that they are responsible for complying with all state and local rules and regulations regarding transportation and sale of animals.

Pullorum testing will be available on-site for poultry over 6 months of age. All sheep and goats must be scrappie tagged.

For any questions contact Melanie Lampinen @ 281-4759 or Arthur Lampinen @ 281-2574

Annie's Project

By: Warren Schauer, MSU Extension

Annie's Project for Farm Women – Annie's project is designed to empower farmwomen to manage information systems used in critical decision making processes and to build local networks throughout the state. The target audience is farmwomen with a passion for business and involvement.

In the class, farm women receive training in the areas of financial records, production records, marketing plans and risk management, communication, legal regulation and records and human resources. The program will be offered on Tuesday evenings in the Hancock/Houghton area. It will be held on February 26, March 12, 19, 26, April 2, and 16.

The cost is \$50 per person and class size is limited to the first 20 paid registrants. Registrations will be accepted beginning January 15. To register go online to <http://events.anr.msu.edu/anniesprojectfolder/>. The registration brochure will also be available on the web at www.msue.msu.edu/houghton and www.msue.msu.edu/ontonagon. For questions or more information contact Warren Schauer, MSU Extension of Delta County at 786-3032 or schauer@msu.edu. More general information about the Michigan Annie's program can be found at <https://www.msu.edu/user/steind/> and click on Annie's.

Breeding Soundness Exams for Bulls

Producers will again be able to have their bulls fertility tested at various locations across the Upper Peninsula in 2012. During the dates of April 23-27, Dr. Dan Grooms, Large Animal clinic with Michigan State University will be conducting breeding soundness exams and will be assisted by Dr. Renee Koyer with the Thompson Vet Clinic in Manistique.

Any producer that has turned out an infertile bull knows the financial ramifications. High percentage of cows not pregnant next fall means high cull rate and replacement cost. Especially with our current situation of historically high cost of production and rising replacement cost, the cost of fertility testing is inexpensive.

To schedule testing your bulls at one of the sites, contact Frank Wardynski in the Michigan State University Extension office in Ontonagon County at 906-884-4386.

2013 FEEDER CATTLE SALES **CLARE COUNTY LIVESTOCK AUCTION, LLC**

Clare, MI

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March 21st,

April 18th, and May 9th

&

EVERY MONDAY at 3:00 PM

Go to: www.davidclarkauction.com
For market information.

2013 U.P. Beginning Farmers Webinar Series

Upcoming educational programs for 'beginning farmers'

The "U.P. 2013 Beginning Farmers Webinar Series" is continuing in February and March, and you are welcome to register for any or all of the remaining programs. These programs are 'webinars', offered via computer internet connection. You can participate from your home or office IF you have an adequate, high-speed internet connection. You can test your internet connection at http://connect.msu.edu/common/help/en/support/meeting_test.htm.

Otherwise, you are welcome to participate from one of the available viewing sites, where a host organization will provide the internet connection and project the webinar on a screen for group viewing. Two U.P. group viewing sites are reserved for all webinar programs and include a location in S.S. Marie and Marquette. Participants are able to interact with presenters via a "chat" function, where questions are typed and presenters can read and respond. Handouts are made available to participants for computer download, or if you come to a group viewing site, you can request paper copies of handouts for an extra \$5 fee. Pre-registration is required with a fee of \$15 for each webinar program. You can register (and pay) on-line at <http://events.anr.msu.edu/upbegfarmer2013>, or request a registration form and more information by contacting the Alger County MSU Extension office at 906-387-2530 or msue.alger@county.msu.edu. Registrants will receive an email containing the internet address (URL) for the program.

Wednesday, February 6, 2013 - Getting Started with Field Crops and Hay

Presenters: Dan Rossman, Jim Isleib and Warren Schauer, MSUE Educators and Doo-Hong Min, Extension Specialist

Wednesday, February 27, 2013 - Getting Started with Field-grown Vegetables

Presenters: Hal Hudson, Jim Isleib and Warren Schauer, MSUE Educators

Wednesday, March 20, 2013 - Getting Started with Hoophouses

Presenters: Adam Montri, MSU Hoophouse Outreach Specialist, Rowan Bunce, Alger County Farmer, Jim Isleib, MSUE Educator

Agriculture for Tomorrow Conference

Do you farm for profit? Do you want the latest information on crops grown for energy? If so, the Michigan State University Extension's Agriculture for Tomorrow Conference is something you won't want to miss. Get the latest information and ideas from Upper Peninsula farmers, Michigan State University Extension and industry experts.

The conference will be held on Tuesday, March 5th, 2013, from 9:30 a.m. to 4:15 p.m. EST at Bay de Noc Community College, Escanaba, in the Heirman University Center.

There will be 20 different classes offered. Each participant will attend four classes. During lunch, the Keynote speaker will be, Jamie Clover Adams, Director, Michigan Department of Agriculture and Rural Development.

Program and registration information is available from the Alger County MSU Extension office, 906-387-2530, or msue.alger@county.msu.edu. Register early to receive a \$10 discount!!! Cost to register is \$25 for pre-registration, or \$35 at the door. Lunch and materials are included in the cost.

Accommodations for persons with disabilities may be requested by calling 906-387-2530, at least one week prior to March 5th, 2013.

Beef Cow Calf Educational Webinar **Feeding the Cow-Calf Herd – This Year and into the Future**

A webinar will be presented live at the Gratiot/Isabella RESD and broadcast by webinar to the Delta County Extension Office on February 12, and 19, from 7:00-9:00. Local extension educators will be present to assist with generating questions and discussion

Session 1: Managing Feed Inventories & Evaluating Alternatives

- Near- and far-term issues; the constraints on the cow-calf business - *Jim Hilker /Kevin Wernette* (50 min.)
- Estimating winter feed needs – *Phil Durst*
- Cow ration evaluation and pricing alternative feeds: User-Friendly Computer Resources – *Dan Buskirk and Kevin Gould*

Session 2: Beef Cow Management Strategies that Pay

- Alternative crops for MI livestock farms – *Jerry Lindquist*
- Grazing management strategies to help stretch feed resources – *Kable Thurlow*
- Considerations and tactics in development of profitability for the future – *Dennis Stein & Frank Wardynski*

Registration details available next month

Dairy Industry Meeting

A meeting for dairy producers will be held on Thursday, February 21. It will run from 11:00 a.m. - 2:30 p.m. at MSU Extension Office of Delta County in Escanaba. Everyone involved in the dairy industry is invited to attend. The meeting is free and is sponsored by the Delta County Agricultural Services Association.

Do You Have Enough Feed? Developing Nutritional and Cropping Strategies to Feed the Dairy Herd - Frank Wardynski, MSU Extension Educator will discuss calculating current feed supplies and matching with feed needs until next harvest season. Producers that are marginally short have opportunities to strategically purchase and produce quality forage through this next spring and summer.

Producing High Quality and Wholesome Food - Frank Wardynski, MSU Extension Educator will address the importance of producing milk and beef for the consumer. The food supply needs to be safe, nutritious and satisfying.

Health Care Law and Agriculture - Warren Schauer MSU Extension Business Management Educator will talk about the new health care law as it relates to farmers.

IA update - Mike Beauchamp will give a DHIA update if available.

MSU research facility in U.P. receives new name, will see some program changes

Contacts: John Baker, MSU AgBioResearch Associate Director, (517) 355-0123
Stephen B. Lovejoy, MSU Extension Associate Director of Programs, (517) 355-2308

EAST LANSING, Mich. – Michigan State University AgBioResearch, in conjunction with MSU Extension, will continue operation of its Upper Peninsula Research Center (UPRC) in Chatham, Mich., under a new name: Upper Peninsula Research and Extension Center. The name change, which is effective immediately, acknowledges the significant contributions made by MSU Extension to the facility's operations.

Research and Extension activities at the facility will focus on livestock, plant and local food systems. The center, located on a 1,262-acre site, will emphasize collaboration and integration across the three key programmatic systems.

MSU research facility in U.P. receives new name, will see some program changes continued

“These changes are a real opportunity to make the facility in Chatham more of a focal point for Extension contribution in the Upper Peninsula,” said Stephen B. Lovejoy, MSU Extension associate director of programs.

Three MSU faculty members have agreed to serve as faculty coordinators:

- Jason Rowntree, Department of Animal Science (livestock systems).
- Kim Cassida, Department of Plant, Soil and Microbial Sciences (plant systems).
- Matt Raven, Department of Community, Agriculture, Recreation and Resource Studies (food systems).

They will oversee both research and extension activities at the center. An on-site center coordinator will also be named. This individual will provide an important link between faculty coordinators and the implementation of programs and oversight of operations at the center and throughout the U.P. The individual will also work to increase visibility of the center and build relationships with stakeholders.

“There are expectations for the center coordinator to form community partnerships and establish relationships with U.P. universities and community colleges in the U.P.,” said John Baker, MSU AgBioResearch associate director, “and to coordinate research with similar field stations in Wisconsin (Spooner) and Minnesota (Grand Rapids).”

The new name and program changes were recommended by a review committee (the recommendation is available in its entirety at <http://AgBioResearch.msu.edu/uprc/index.html>). The research facility, which has been in operation since 1899, will receive another formal review in five years.

“We’re proposing integration of programs across these three theme areas and that activities in the areas must have relevance to the Upper Peninsula of Michigan,” Baker said, “and a five-year period to implement changes and measure outputs of success.”

The UPRC is one of 13 research centers operated by MSU AgBioResearch. Because of budget cuts, AgBioResearch is reviewing all of its facilities. The Muck Soils Research Center in Laingsburg closed Dec. 31, 2012.

MSU AgBioResearch engages in innovative, leading-edge research that combines scientific expertise with practical experience to generate economic prosperity, sustain natural resources, and enhance the quality of life in Michigan, the nation and the world. It encompasses the work of more than 300 scientists in six MSU colleges -- Agriculture and Natural Resources, Communication Arts and Sciences, Engineering, Natural Science, Social Science and Veterinary Medicine -- and has a network of 13 research centers across the state.

Since its beginning, Michigan State University Extension, (MSUE) has focused on bringing knowledge-based educational programs to the people of the state to improve lives and communities. Staff members, in concert with on-campus faculty members, serve Michigan citizens with programming in food and agriculture production, nutrition and food safety, community and natural resources development, youth development and renewable energy. Today, MSUE’s goal remains the same: To give Michigan residents meaningful access to the latest life-changing research.

CONTROLLED SUBSTANCE

Program participants convicted under federal or state law of any planting, cultivating, growing, producing, harvesting or storing a controlled substance are ineligible for program payments and benefits. If convicted of one of these offenses the program participant shall be ineligible during that crop year and the four succeeding crop years for DCP payments, price support loans, loan deficiency payments, market loan gains, FSFLs, NAP payments or other disaster payments. Program participants convicted of any federal or state offense consisting of the distribution (trafficking) of a controlled substance shall, at the discretion of the court, be ineligible for any or all program payments and benefits:

- for up to 5 years after the first conviction
- for up to 10 years after the second conviction
- permanently for a third or subsequent conviction.

Program participants convicted of federal or state offense for the possession of a controlled substance shall be ineligible, at the discretion of the court, for any or all program benefits, as follows:

- up to 1 year upon the first conviction
- up to 5 years after a second or subsequent conviction

SPOUSAL SIGNATURES

Husbands and wives may sign documents on behalf of each other for FSA and Commodity Credit Corporation programs in which either has an interest. This option is automatically available unless a written request for exclusion is made to the county office staff by either spouse.

There are exceptions to the rule, where spouses may not sign on behalf of each other for partnerships, joint ventures, corporations or other similar entities.

Individual signatures are also required on certain Farm Loan Program and Farm Storage Facility Loan documents.

For more clarification on spousal signature authority, feel free to contact a local FSA office.

FARM STORAGE FACILITY LOAN PROGRAM

The Farm Storage Facility Loan Program (FSFLP) allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The new maximum principal amount of a loan through FSFL is \$500,000. Participants are now required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. New loan terms of seven, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different based on the rate which CCC borrows from the U.S. Treasury Department.

Payments are available in the form of a partial disbursement and the remaining final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

For more information about FSFL please visit your FSA county office or www.fsa.usda.gov.

Dates to Remember:

March 15, 2013: Deadline to purchase 2012 NAP policies for spring planted small grain crops.

Need A Storage Facility - GREAT Interest Rates: Farm Storage Facility Loans (FSFL)

Remember: these loans are now available for Hay/Forage Storage as well as traditional grain storage!

January Interest Rates:

1.125 percent for 7 years with a loan of \$100,000 or less

1.625 percent for 10 years with a loan of \$100,000 - \$250,000

1.875 percent for 12 years with a loan of \$250,000 - \$500,000

Contact your local FSA county office for February's interest rates.

USDA Finalizes New Microloan Program

By: Warren Schauer, Business Management Educator, MSU Extension

Microloans will be available up to \$35,000 to assist small farmers, veterans, and disadvantaged producers. The program will also provide a less burdensome, more simplified application process in comparison to traditional farm loans.

The final rule establishing the microloan program will be published in the Jan. 17 issue of the Federal Register. The interest rate for USDA's new microloan product changes monthly and is currently 1.25 percent.

Administered through USDA's Farm Service Agency (FSA) Operating Loan Program, the new microloan program offers credit options and solutions to a variety of producers. Producers can apply for a maximum of \$35,000 to pay for initial start-up expenses such as hoop houses to extend the growing season, essential tools, irrigation, delivery vehicles, and annual expenses such as seed, fertilizer, utilities, land rents, marketing, and distribution expenses. As their financing needs increase, applicants can apply for an operating loan up to the maximum amount of \$300,000 or obtain financing from a commercial lender under FSA's Guaranteed Loan Program.

USDA farm loans can be used to purchase land, livestock, equipment, feed, seed, and supplies, or be to construct buildings or make farm improvements. Producers interested in applying for a microloan may contact their local Farm Service Agency office.

MSU Extension Online Crop and Forage

Highlights

By: Jim Isleib, U.P. Crop Production Educator

Have you ever wished that some of the big field crops meetings offered by MSU Extension in lower Michigan were available locally to U.P. farmers? Well...so have we.

In an effort to improve our field crop extension program outreach to farmers state-wide, the MSU Extension field crops team is holding two 'on-line' field crops programs. These programs will contain 'highlights' from the winter meetings held downstate. Information pertinent to U.P. and northern lower Michigan farmers is emphasized. The webinars can be viewed from your home or office computer free of charge, providing that you have a good, high-speed internet connection. If you don't, the programs are also offered at 3 'group viewing' sites across the UP, and lower Michigan. The U.P. sites include the Delta County MSU Extension office in Escanaba, the Eastern U.P. Intermediate School District office in Sault Ste. Marie, and the Ontonagon County MSU Extension office in Ontonagon. There is a \$10 charge to attend a group viewing of this program, but independent viewing is free. Pre-registration is required for all participants.

Information on the programs (*look for registration details in the March UP Ag Connections newsletter*):

Online Grain Crop Highlights

Thursday March 14th, 2013, 7-9pm eastern time

Key corn and small grain production, weed and pest management points for 2013

Two MDARD Pesticide Recertification Credits will be available for application to one of the following categories: Private Core, Commercial Core, or Field Crops.

Online Forage Crop Highlights

Thursday March 21st, 2013, 7-9pm eastern time

Key forage production points for 2013, including drought recovery management, corn silage and cost of production

Two MDARD Pesticide Recertification Credits will be available for application to one of the following categories: Private Core, Commercial Core, or Field Crops.

Contact Jim Isleib, U.P. Crop Production Educator at 906-387-2530 or isleibj@anr.msu.edu for more information.

Bay de Noc Beef Sale Results

By: Warren L. Schauer, Business Management Educator

This year the Bay de Noc Beef Producers Association made delivery to the Equity Cooperative Livestock Sales Association auction market in Waukon, Iowa on December 12th. The results are as follows:

400 - 500 Beef Steers	\$1.64/pound
400 - 500 Beef Heifers	\$1.52/pound
500 - 600 Beef Steers	\$1.55/pound
500 - 600 Beef Heifers	\$1.49/pound
600 - 700 Beef Steers	\$1.49/pound
600 - 700 Beef Heifers	\$1.30/pound
700 - 800 Beef Steers	\$1.42/pound

Alternative Minimum Tax Impacted by New Law

By: Warren Schauer, Business Management Educator

The recent passage of the American Taxpayer Relief Act of 2012 by the federal government made Alternative Minimum Tax exemption amounts permanent.

Changes were made to the Alternative Minimum Tax (AMT) to permanently index it to inflation. In the previous several years the federal government passed legislation each year to raise the exemption from the original amount. Without this change many more taxpayers would be paying AMT.

The Alternative Minimum Tax is a separate way to figure federal income taxes. It is designed to keep higher income taxpayers from using certain deductions from paying very little or no taxes.

AMT is a somewhat complicated calculation. Essentially, there are two tax calculations that should be done on each tax return. There is the calculation for regular federal income tax. Then there is a calculation for alternative minimum tax. The taxpayer is required to pay the higher of the two calculations. Different regulations are used for AMT.

There are special adjustments that are involved in the calculation of AMT. Some items that were deductions in figuring regular tax are added back into the calculation for AMT. Some examples include: state income taxes, property taxes, personal and dependent exemption deductions. Also the amount of depreciation taken on capital items that is in excess of what would be claimed using straight-line depreciation would be added back in.

Farmers who pay two years of property taxes on their principal residence to maximize the use of the standard deduction the following year may trigger an AMT liability that reduces the tax benefit.

Other items that are treated differently in AMT include: hobby farm activity deductions, tax free interest, employee business expenses, certain kinds of home mortgage interest expenses, and medical and dental expense deductions.

If you have large amounts of capital gains income, it could trigger AMT. In some cases if you spread the capital gains over more than one year AMT may be avoided.

So if you have high income, large numbers of dependents, considerable capital gains and/or large miscellaneous itemized deductions you may have to pay Alternative Minimum Tax.

It is a very good idea in working with your tax advisor to have them always check for Alternative Minimum Tax.

MSUE Lawn and Garden Hotline
1-888-MSUE-4MI
(1-888-678-3464)

Open weekdays 9:00 a.m. - noon
and 1:00 - 4:00 p.m.

People who call during other times
are directed to the

"Ask an Expert" feature
at www.migarden.msu.edu

For more information please visit:
<http://www.hrt.msu.edu/msue-lawn-and-garden-hotline>



MCA/MSU BULL SALE:
March 16, 12:30 (EST)

Open House at Station: March 2nd
325 Mount Hope Rd, Crystal, MI
70 Bulls for Sale (Angus, Hereford,
ChiAngus, Red Angus, Simmental, Charolais)
Brian Plank: (989) 506-2061
MI Cattlemen's Association:
(517) 347-8117
www.micattlemen.org

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Equity Cooperative Livestock Sales Association

Waukon, Iowa
Feeder Sales Schedule

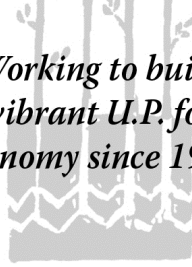
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Meetings & Events Calendar

FEBRUARY

- 6 Getting Started with Field Crops and Hay webinar (See page 3 for details)
- 12 Beef Cow Calf Webinar, 7 to 9 p.m. at the Delta County Extension office
- 19 Beef Cow Calf Webinar, 7 to 9 p.m. at the Delta County Extension office
- 21 Dairy Industry Meeting, 11 a.m. to 2:30 p.m., Delta County Extension Office,
- 26 Annie's Project program, 5:30-9 p.m., Contact Warren Schauer 906-786-3032
- 27 Getting Started with Field-grown Vegetables webinar (See page 3 for details)

MARCH

- 5 Agriculture for Tomorrow Conference, Bay de Noc College, Escanaba, Michigan, 9:30 a.m.-4:15 p.m. EST
- 6 Animal Husbandry workshop, Hancock, MI, 7 p.m. (see page 2 for details)
- 12 Annie's Project program, 5:30-9 p.m., Contact Warren Schauer 906-786-3032
- 13 Strawberry/Blueberry Growing Tips, Hancock, MI, 7 p.m. (see page 2 for details)
- 14 Online Grain Crop webinar, 7-9 p.m. EST, contact Jim Isleib 906-387-2530
- 16 MCA/MSU bull sale, Crystal, MI, Contact: Brian 989-506-2061
- 19 Annie's Project program, 5:30-9 p.m., Contact Warren Schauer 906-786-3032
- 20 Getting Started with Hoophouses webinar (See page 3 for details)
- 21 Online Forage Crop webinar, 7-9 p.m. EST, Contact Jim Isleib 906-387-2530
- 21 Clare County Livestock Auction, Clare, MI 1 p.m., Contact 810-441-6191
- 26 Annie's Project program, 5:30-9 p.m., Contact Warren Schauer 906-786-3032

APRIL

- 2 Annie's Project program, 5:30-9 p.m., Contact Warren Schauer 906-786-3032
- 16 Annie's Project program, 5:30-9 p.m., Contact Warren Schauer 906-786-3032
- 18 Clare County Livestock Auction, Clare, MI 1 p.m., Contact 810-441-6191
- 23-27 Breeding Soundness Exam for Bulls, Thompson Vet Clinic, Manistique, Contact: Frank Wardynski to schedule, 906-884-4386

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