

DORCHESTER COUNTY • P.O. BOX 299 • CAMBRIDGE, MARYLAND 21613 • (410) 228-8800

AG PROFIT

Dear Friends,

In few days we will welcome the New Year and there are many things for which we should be thankful. We have experienced one more year of agriculture productivity in the midst of a drought. Many of the farms I know have made it through because of their wise judgment and hard work. Despite the weather issues in some part of the country, the corn harvest has set an all time record of 13.16 billion bushels nationally. While many other industries suffered, Ag retailers' market revenue hit an all time high during 2010 at \$20.6 billion.

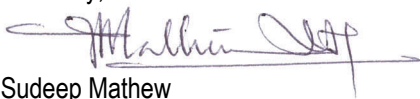
What awaits you in 2011? Dicamba based weed control system for soybeans or a new food safety regulation. I am not sure which one will hit the ground first. I know the 2012 farm bill discussions will take life next year.

I know many of you already are concerned and frustrated with the way the regulatory frame work is shaping the face of agriculture and rural landscape in our state. I feel the only way to deal with this is to educate the law makers and the people who write regulations to help them see what is real. At some point in time, everyone has to realize that agriculture is the most vital segment on the planet. In the immediate future, I think it is destined to have record consumption likely in the year 2011-2012 for many staple commodities. Will that be substantial to make an effect? It will be gradual and we will have to wait and see.

The *National Journal* Heartland Monitor poll survey came out this month and tells a very encouraging story about agriculture. When asked about which industry is important to create economic growth in the U.S over the next five to 10 years, a whopping 98% responded favorably predicting the agriculture industry as one of the top 3 factors for future American prosperity. For this great season let me leave this thought of Saint Augustine with you; *"Bad times, hard times—this is what people keep saying; but let us live well, and the times shall be good. We are the times; such as we are, such are the times."*

I wish this season brings joy, peace and prosperity to you and your loved ones.

Sincerely,



Sudeep Mathew
 Extension Educator – Agricultural Sciences

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Crop Production Cost for 2011?

Shannon Dill, Jennifer Rhodes & Ben Beale, University of Maryland Extension

Cost of production is very important when making decisions related to your farm enterprise and grain marketing. Enterprise budgets provide valuable information regarding individual enterprises on the farm. This tool enables the farm manager to make decisions regarding enterprises and plan for the coming production year. An enterprise budget uses farm revenue, variable cost, fixed cost and net income to provide a clear picture of the financial health of each farm enterprise.

The 2011 Maryland enterprise crop budgets were developed using average yields and estimated input cost based upon producer and farm supplier data. The figures presented are averages and vary greatly from one farm to the other. It is therefore crucial to input actual farm data when completing enterprise budgets for your farm.

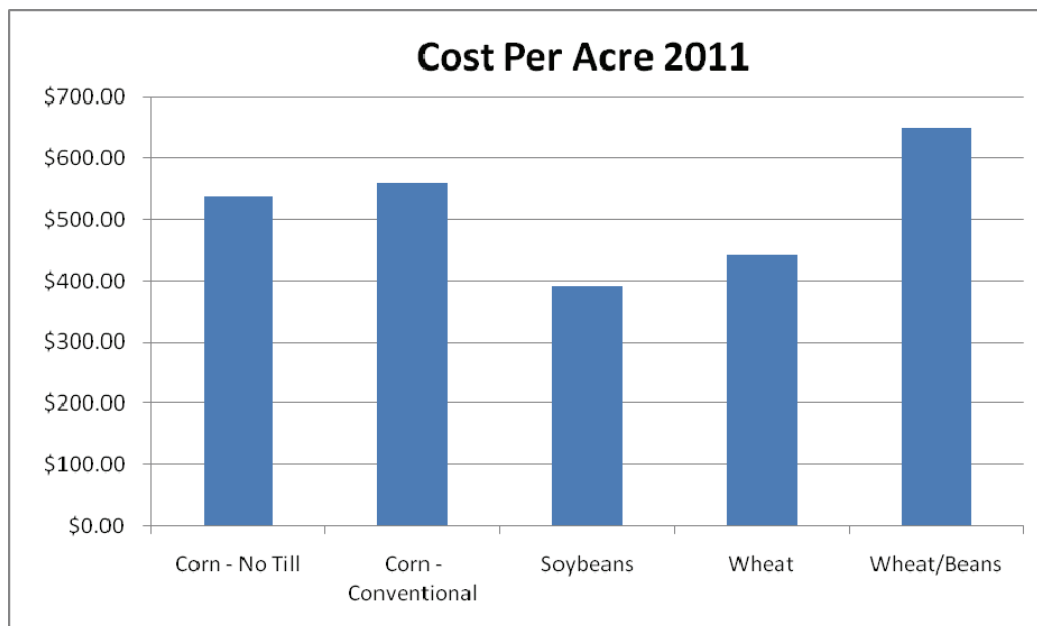
How to Use University Enterprise Budgets:

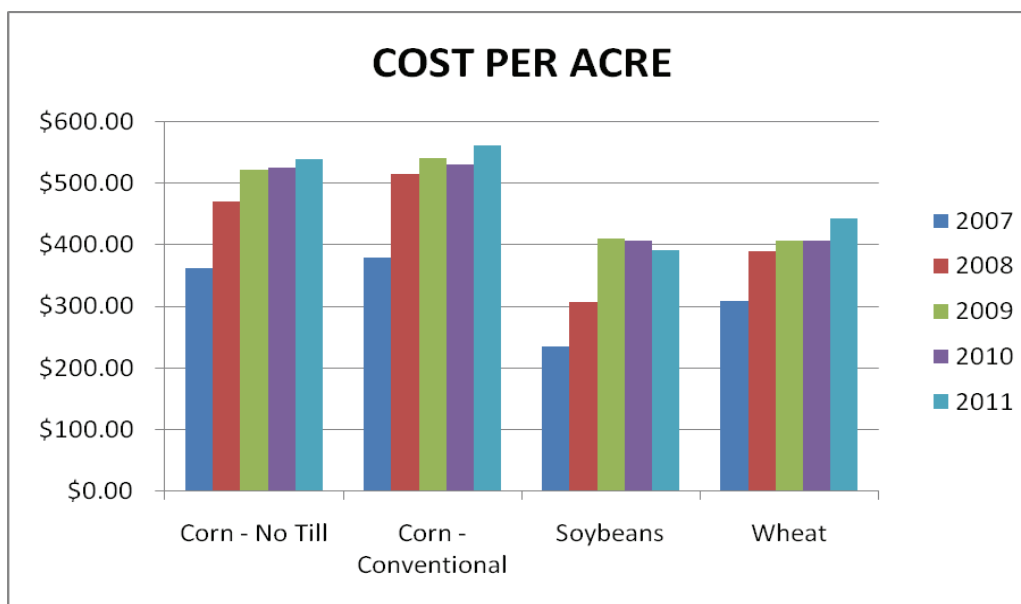
The enterprise budgets can be used

as a baseline for your operation. Make changes to these budgets to include your production techniques, inputs and overall management.

The budgets are available electronically in an Excel worksheet online at www.mdgrainmarketing.umd.edu. Use this document to make changes for your operation and to find a lower cost of production. If you have problems downloading any of these budgets contact information is located on the website.

Cost Per Acre					
	Corn - No Till	Corn - Conventional	Soybeans	Wheat	Wheat/Beans
2011	\$538.13	\$560.18	\$391.49	\$442.63	\$649.20





New 1099 law will affect farm businesses – Time to get your finances in order

Shannon Dill, University of Maryland Extension



An overlooked provision of the Health Care Reform Act will affect US small businesses by significantly increasing tax paperwork. Section 9066 of the act mandates that beginning in 2012 (for all payments after December 31, 2011); 1099 information tax forms must be issued to corporations when the cost of goods or services provided to a company from the corporation is \$600 or greater in the calendar year.

The change will dramatically alter the nature of 1099's and mean that businesses will have to issue additional tax documentation. Currently the IRS Form 1099 is used to document income for contract labor. Self-employed businesses receive 1099s each year from clients and businesses that issue them to the independent contractors they hire. Under the new law, if a farm business pays \$600 or more to the utility company, telephone company, office supply store, farm suppliers etc., they must issue a 1099 to that business or corporation.

The bill makes two major changes to 1099s. First, it requires furnishing

1099s to suppliers of goods and services instead of services only. Plus, it requires that 1099s be issued to corporations as well as individuals, sole proprietors and partnerships.

Farms will see increased paperwork and recordkeeping. If a farm has more than 250 1099s, forms must be filed electronically. Form 4419 (Application for Filing Information Returns Electronically) must be filed at least 30 days before the due date of the returns to obtain approval from the IRS to e-file.

If you are not currently using financial management software, now may be the time to consider it. Programs such as QuickBooks record and categorize transactions, accumulate vendor totals and generate 1099s.

University of Maryland Extension will be conducting QuickBooks computer classes for farm businesses in the winter of 2010/2011. The class scheduled is: QuickBooks for Farm Businesses – January 12, 9am – noon Chesapeake College, Economic Development Center EDC 26. For more information contact

Shannon Dill
sdill@umd.edu
 or call 410-822-1244.

The federal government plans to use 1099s as a method of increasing revenue by documenting transactions that are currently unreported. Small businesses should start organizing their records early and begin collecting vendor information. A federal identification number or social security number, address and exact business name are required. This information should be obtained by giving the company a form W-9 to complete before conducting business with them. If your farm does not have a federal identification number, one should be obtained for protection of your social security number. It is much safer to furnish a customer with a federal identification number than a social security number.

There have been several attempts to appeal this law, but to date all have failed. The IRS has not released specific regulations for the new 1099 preparation law and probably will not release them until 2011.



Food Safety bill on the roll

On November 30th, a year after it was reported to the committee, The Senate passed food safety modernization act (S. 550) to prevent food poisoning and food contamination outbreaks in the country. This bill will give new authority to U. S. Food and Drug Administration while placing new responsibilities for farmers and food companies. The bill, which will require improved planning and record-keeping by farmers and processors and will allow the Food and Drug Administration (FDA) to make mandatory recalls of contaminated food, makes this the most sweeping overhaul of food safety regulations in seven decades.

The House passed the Senate version of the bill on Wednesday, December 8th which will likely to be attached to an omnibus spending bill that funds the federal government through September 2011. Since a constitutional snafu nearly derailed the legislation containing an unconstitutional provision, the bill must be re-approved by the Senate which may happen next week.

The bill, estimated to cost \$1.4 billion over the next five years, requires that food facilities implement food safety plans. The FDA will get expanded oversight over approximately 80 percent the food supply excluding USDA regulated meat and poultry. This bill will set safety standard for the imported foods for the first time. It ap-

pears that the Tester-Hagan amendment, which will provide small farm and producer exemption based on size of operation, which was added in the Senate, will be part of the final bill.

Although it is unclear the fate of this bill at the time of this publication there is a chance that the food safety reform may be approved before the end of this year.



UPCOMING MEETINGS

Future Harvest – Chesapeake Alliance for Sustainable Agriculture 2011 Annual Conference: January 14-15

The future Harvest – CASA Annual Conference will be held at Pearlstone Conference and Retreat Center, 5425 Mount Gilead Road, Reisterstown, MD. This year's conference will feature 25 workshops and 40 speakers to help you learn about more effective sustainable farming techniques, sustainable fruits and vegetables, grass-based systems and marketing farm products profitably. Dr Fred Kirschenmann of Iowa State University, Leopold Center for Sustainable Agriculture will deliver the keynote address. For more information and registration details visit www.futureharvestcasa.org or call 443-243-2998.

Dorchester Agronomy Meeting is on Tuesday, January 18th

The 2011 Dorchester County Agronomy Meeting will be held on Tuesday, January 18, 8.30 – 3.00 pm at English Hall - Eastern Shore Hospital Center 5262 Woods Rd, Cambridge, MD 21613. Pesticide Re-Certification, Nutrient Management Voucher and CCA credits will be awarded. If your pesticide applicators certification expires by December 31, 2010 you must attend this meeting to re-certify your license. It's free to attend, however registration is required. Please contact 410-228-8800 to register.

Precision Agriculture Equipment Day on Thursday, January 27th

University of Maryland Extension is conducting a Precision Agriculture Equipment Day on Thursday, January 27th 9 am – noon at Queen Anne's County 4 H Park, 100 Dulin Clark Road, Centreville, MD. Dr. Randy Taylor from Oklahoma State University will present the newest developments in precision agriculture equipment and practical solutions for getting started with precision agriculture and variable rate nutrient applications. The meeting will also feature a panel discussion with industry experts and extension specialist on "Upgrading your operation to precision agriculture: managing seed, fertilizer, and other inputs towards greater efficiency. For more information contact: 301-405-1351 or 410-228-8800.

Grain Marketing meeting on Friday, February 11th

University of Maryland Extension will organize a grain marketing meeting on Friday February 11, from 7.30 am to 11.30 am at Chesapeake College, Wye Mills, MD and remotely through video conference at English Hall, Eastern Shore Hospital Center, 5262 Woods Rd, Cambridge, MD 21613. This meeting will cover topics ranging from grain marketing strategies, forecast, tax consideration and crop insurance. Speakers include Charlie Stubbs – Perdue, Henry Leonard – CBIZ, Dr. Kevin McNew—Go Grain, Kathi Levan from Mid-Atlantic Farm Credit and Chad Nagel of Nagel’s Farm Service. The cost is \$ 20 which includes breakfast and materials. Please register by February 4th by calling 410-228-8800.

35th Annual Eastern Shore Vegetable Meeting is set for Thursday, February 17th

35th Annual Eastern Shore Vegetable Meeting is set for Thursday, February 17, 8.30 am -3 pm at Caroline County 4H Park, 8230 Detour Rd, Denton, MD. Learn about what’s new in vegetable production, stink bug management, control strategies for various diseases, insects and weeds. Credits: Pesticide Re-Certification, Nutrient Management Voucher and CCA. It’s free to attend, however registration is required. Please contact 410-228-8800 to register.

Dorchester/Caroline/Talbot Private Pesticide Applicator Exam Review (New Applicator Training)

New private pesticide applicator exam training will be held Wednesday, February 23, 7 pm – 9 pm at University of Maryland Extension 28577 Marys Court, Suite 1, Easton, MD. Free training manual for private pesticide applicators are available at the University of Maryland Extension office. Collect your materials from the office before the training meeting to familiarize the subject. For more information and registration contact 410-228-8800.

Dorchester/Caroline/Talbot Private Pesticide Applicator Exam (New Applicator)

Private pesticide applicators exam will be held Wednesday, March 2, 7 pm – 9 pm at University of Maryland Extension, 28577 Marys Court, Suite 1, Easton, MD. Pencils will be provided and you can bring your calculators. No cell phones or any other electronic devices are allowed.

Other meetings in the region/state – Please plan to attend

Date/Time	Event
January 12, 9am – noon	QuickBooks for Farm Businesses: Beginners Chesapeake College, Economic Development Center EDC 26. Fee \$ 20 To register contact sdill@umd.edu or 410-822-1244.
January 12, 1 – 4 pm	QuickBooks for Farm Businesses: Advanced Chesapeake College, Economic Development Center EDC 26. Fee \$ 20 To register contact sdill@umd.edu or 410-822-1244.
January 14, 9am - noon	QuickBooks for Farm Businesses: Advanced Chesapeake College, Economic Development Center EDC 26. Fee \$ 20 To register contact sdill@umd.edu or 410-822-1244.
January 18, 9am – 3.30pm	Delmarva Hay & Pasture Conference Delaware State Fairgrounds, Harrington, DE For more info contact 301-405-1322
January 19, 8:45 – 3:40	Southern Maryland Hay and Pasture Conference Isaac Walton League Conference Facility in Waldorf, MD. Fee \$ 15 To register contact 301-475-4482

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Date/Time	Event
January 22, 9-12 pm	BeeKeeping 101 Wye Research and Education Center, Queenstown, MD To register contact 410-827-8056 ext.115
February 10, 8am-2.30pm	Commercial Pesticide Applicators Re-certification Caroline County 4H Park To register contact 410-479-4030
March 8	Organic grain, forage and vegetable meeting TBA More info contact 410-758-0166

**Did You Know?**

Approximately 40% of Maryland's cash farm income is from broilers.