

By any measure, the flooding along the Missouri and Platte Rivers was the state's top agricultural news story of 2011, Nebraska Farm Bureau said Wednesday (Dec. 21), in releasing its annual list of the Top 5 Agricultural News Stories of the Year.

The flooding along the Missouri alone cost farmers with land along the river \$105 million in crop losses and cost the state's economy as a whole nearly \$189 million, according to a study commissioned by Nebraska Farm Bureau. Net farm income was \$41 million less than it would have been without the flooding.

"Those numbers only tell part of the story," Farm Bureau President Steve Nelson said. "The farmers and ranchers who were affected by flooding will be dealing with the effects of the flood and reduced production for several years. Businesses that process crops, market and distribute crop products, and companies that sell equipment and machinery to farmers—all are affected."

The other Top 5 stories, in no particular order, are:

- The strong response from Nebraska agriculture, local chambers of commerce and communities to attacks on agriculture, especially food animal production.

"Animal rights groups stepped up their activity in Nebraska this year and it was gratifying to see nearly all of the ag groups coming together, including Farm Bureau, to oppose this activity and to educate about how we grow crops and livestock," Nelson said, by forming a new organization, We Support Agriculture.

In addition, 13 local chambers of commerce, including the Omaha Chamber, adopted resolutions supporting Nebraska agriculture and opposing restrictions on livestock production which would harm Nebraska's way of life

- Record-setting ag land values and agricultural profitability.

Farm land values in Nebraska increased roughly 41 percent over 2010, according to the Federal Reserve Bank of Kansas City and some irrigated crop land sold in excess of \$10,000 an acre. Many ag commodities reached unprecedented price territory. UNL forecast net farm income for Nebraska for 2011 to be about \$5.4 billion, compared to about \$4.2 billion a year ago.

"Farmers paid down debt, upgraded equipment and purchased land," Nelson said. At the same time, high prices for energy drove up the cost of everything from production inputs to the retail cost of food, he said.

- Regulatory overkill. "EPA wanted to regulate dust and spilled milk. The IRS wanted farmers to get or issue a form 1099 whenever purchases topped \$600 in a year. The Department of Labor wants to restrict the jobs children can do on farms and ranches, including the very important job of detasseling. The Department of Transportation wanted owners and operators of farm equipment to get a commercial drivers license. And the list goes on," Nelson said.

Other examples: EPA sought to institute a new federal permit under the Clean Water Act for farmers who apply pesticides, even though the practice is already well-regulated under the Federal Insecticide, Fungicide and Rodenticide Act. EPA also sought new authority to regulate greenhouse gases which would have resulted in utilities, refiners and manufacturers passing on their increased costs to farmers as higher prices for fertilizer and fuel and other energy costs.

"These kinds of regulations show little understanding of today's farming and ranching practices and working to defeat them is taking more and more of farmers' time," Nelson said

- The federal budget deficit and the work of the Joint Committee on Deficit Reduction.

"Nebraska farmers have a huge stake in the size of the federal debt because it affects their

costs of borrowing money and the value of their commodities in export," Nelson said.

As part of the deficit reduction effort, the chairs of the House and Senate Agriculture Committees essentially drafted the next farm bill, he said. Although the Joint Committee failed to offer a proposal to Congress and the next farm bill will be developed in a more traditional manner, the process made it clear that direct farm payments are most likely a thing of the past, Nelson said, and that crop insurance will play a much larger role in providing a safety net in times of crop disasters.

Looking ahead to 2012

Nelson predicted the Top 5 Ag Stories of the New Year will be the farm bill, tax issues, profitability, the elections and continuing attacks on agriculture.

- The farm bill. "The work done for the deficit reduction effort (in 2011) makes it clear that the next farm bill will put greater emphasis on assisting farmers when they're faced with major losses. Our members don't want the government to guarantee a profit, but they do want to maintain a strong crop insurance program," Nelson said.
- Taxes. Several major tax provisions expire in 2012, including the rules for federal estate taxes, capital gains, depreciation and the current federal taxes rates. How these are handled will have a tremendous impact on farmers' and ranchers' day-to-day operations and estate planning, he said.
- Profitability. Market prices for farm commodities will likely decline after 2011's record highs and net farm income is expected to be down. Rising costs for crop inputs and impacts from the financial world, such as the MF Global situation and Greece's instability, will be felt on the farm. "Achieving profitability will be much more difficult in 2012 than in 2011," Nelson said.
- The 2012 elections. The presidential election will likely determine whether expansion of government regulations for agriculture continues, Nelson said. At the state level, legislative redistricting following the 2010 Census means the legislature will be more urban than ever. "As an organization, we'll continue to support candidates who understand agriculture and its needs," he said, and work with all state senators to support legislation that supports agriculture, Nebraska's economic driver.
- Continued attacks on agriculture. "We see this continuing, and that means we in agriculture need to do even more to connect directly with consumers and answer their questions about how food is produced – rather than just tell them what we think they want to know," Nelson said.

Reflecting on Farm Bureau's predictions a year ago for 2011's top ag stories, Nelson said the organization did a good job of forecasting. The 2011 list included federal and state budget deficits; trade; increasing attacks on agriculture; market volatility, input costs and profitability; and regulatory uncertainty.

"Although looking back we didn't name trade as a top five issue of 2011, certainly passage of the Free Trade Agreements with Columbia, Panama and South Korea this year, after many years of effort, will have major positive impacts for Nebraska farmers and ranchers," he said.

And the Platte and Missouri River flooding? "Many times we've had 'weather' as one of our top story predictions, but not for 2011. Most often drought is more of a concern in Nebraska than having too much water. Flooding is not on our list for 2012 because we believe the Corps of Engineers will take timely action this year to avoid it," he said.