Rock County Star Herald

Ag Mag

cultivating community by sharing agricultural innovation

'You're not a failure'

Lisa and Dave DeBoer spent 30 years farming northwest of Luverne until 2017, when economic pressures and unforeseen medical bills forced Dave to make a career change, and the couple now faces possible eviction by year's end. Dave's message to other producers facing similar career decisions: "You're not a failure."

— See their story on Page 3

Do you have an exit strategy for leaving the farm?

A rural Rock County couple worked with local charity on a retirement plan that saved thousands on taxes and provided retirement income.

— See page 7

What's the financial state of farming in Rock County?

Farm bankruptcies are on a steady rise nation wide, and even in the Midwest. We spoke with a local lender about his perspectives.

— See Page 18

There's a new leader at the Rock and Pipestone county FSA

Eva Kramer recently took the reins at Rock County's FSA office and is meeting the demands of the job — and current deadlines — head on.

— See Page 6

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In uncertain times, focus informed decisions on what we know today

"While yesterday is gone and tomorrow remains a mystery, focus on making good informed decisions for your business today."

By Rob Andringa
Professional Ag Marketing

The year 2019 was chock full of anxious anticipations.

Trade negotiations seemed to fill the headlines on multiple fronts: Mexico, Canada, China, Japan, and European Union, to name a few.

Spring weather left many questions on the 2019 crop. Many acres remained unplanted, planted in wet conditions, or historically late-planted.

Grain producers were left making difficult decisions on spring planting, while livestock producers became nervous about their feed needs.

As the trade anxiously waited on USDA's crop production numbers, the report found adequate inventory of grain stocks despite the difficult weather conditions.

As the year progressed, trade negotiations were signed. These signatures were something the trade was anxiously waiting for, yet the market responded with little interest.

While the S&P and equity markets had an outstanding year in 2019, the year of the pig (according to the Chinese zodiac) was not quite as fantastic as the U.S. livestock producer was hoping for during a year of global protein shortage.

The U.S. CME Index for lean hogs managed to average $67.42 for the year, $2.33 above 2018. Cash cattle averaged $116.75 for the year, only $0.61 above 2018.

As the trade anxiously waited for positive trade demand or any details of shorter supplies to stimulate the markets, each event seemed to be a disappointment.

What can we learn from 2019? Focus on what you do know.

•Focus on raising your crops or livestock.

•Make good decisions on your farm to maximize your production as efficiently as possible.

•Market your products when the price gives you opportunity and manage your risk with a strong marketing plan.

•Rather than betting on the next "big thing", place your focus on what you know and can control.

As we head into 2020, it feels very familiar to the past year.

Moisture levels remain historically high. Global trade remains uncertain with supply levels remaining strong. African Swine Fever continues its impact, while bird flu continues to make its wave. Now there's even the uncertainty of the impacts of the corona virus.

While yesterday is gone and tomorrow remains a mystery, focus on making good informed decisions for your business today.

'You're not a failure. You're a risk taker'

Mavis Fodness photo/0220 Ag Tab DeBoer

Dave and Lisa DeBoer hold a 1988 photo of their 18-acre farm taken shortly after they purchased it. Over time, they improved each facility on the acreage, but an Iowa ag lender is forcing them to give up the farm. By year-end the DeBoers will know how much of the property they'll be able to buy back from the bank.

Rural Luverne couple shares story of hardships that mark the end of their family farm operation

By Mavis Fodness

For the past three decades, Dave and Lisa DeBoer lived quietly on their Rock County farm, raised a family and made a living raising livestock northwest of Luverne.

Their rural livelihood came to an end in 2018. Then in December 2019 their home was sold on a sheriff's auction by mortgage lenders, American State Bank of Iowa.

The Dec. 12 auction represented the end to an exhaustive legal battle while opening a new chapter of possibilities for the couple.

While the DeBoers continue to live on the 18-acre farm they purchased 32 years ago, they will know by the year's end if they will be allowed to purchase the current family home in Springwater Township from the bank or if they will need to find a new place to live.

Their journey through years of unfortunate events and financial stressors is coming to an end, but for other farm families the journey may only be beginning.

> *"My farming career went from the highest of highs to the lowest of lows. Now that the dust has settled, you hear more stories about farmers going through tough times. We're still here today. We have lots of things to be thankful for and this is our story — you're not a failure, just a risk taker."*
>
> *— Dave DeBoer, rural Luverne*

"My farming career went from the highest of highs to the lowest of lows," Dave said.

"Now that the dust has settled, you hear more stories about farmers going through tough times. We're still here today. We have lots of things to be thankful for and this is our story — you're not a failure, just a risk taker."

The 30-year highs and lows of farming

Both Dave and Lisa have roots in agriculture.

Dave's childhood was spent in Clinton Township, south of Luverne, and Lisa's in Mound Township, north of Luverne.

After graduating from Southwest Minnesota Christian High School in Edgerton, Dave said he was drawn to the challenges of farming.

"Every year there is a challenge — something to figure out, change, get better," he said. "The biggest perk of it is living out here and raising the kids and having family members from town come out."

As newlyweds 32 years ago when they purchased their acreage, the DeBoers spent years updating the older two-story farmhouse, where they raised three children, Andrew, Kate and Erica.

Dave focused on feeding hogs and cattle while Lisa worked off the farm in Luverne.

In 1994 the operation in-

End of family farm/see page 4

Series of hardships for rural couple marks end of family farm/continued from page 3

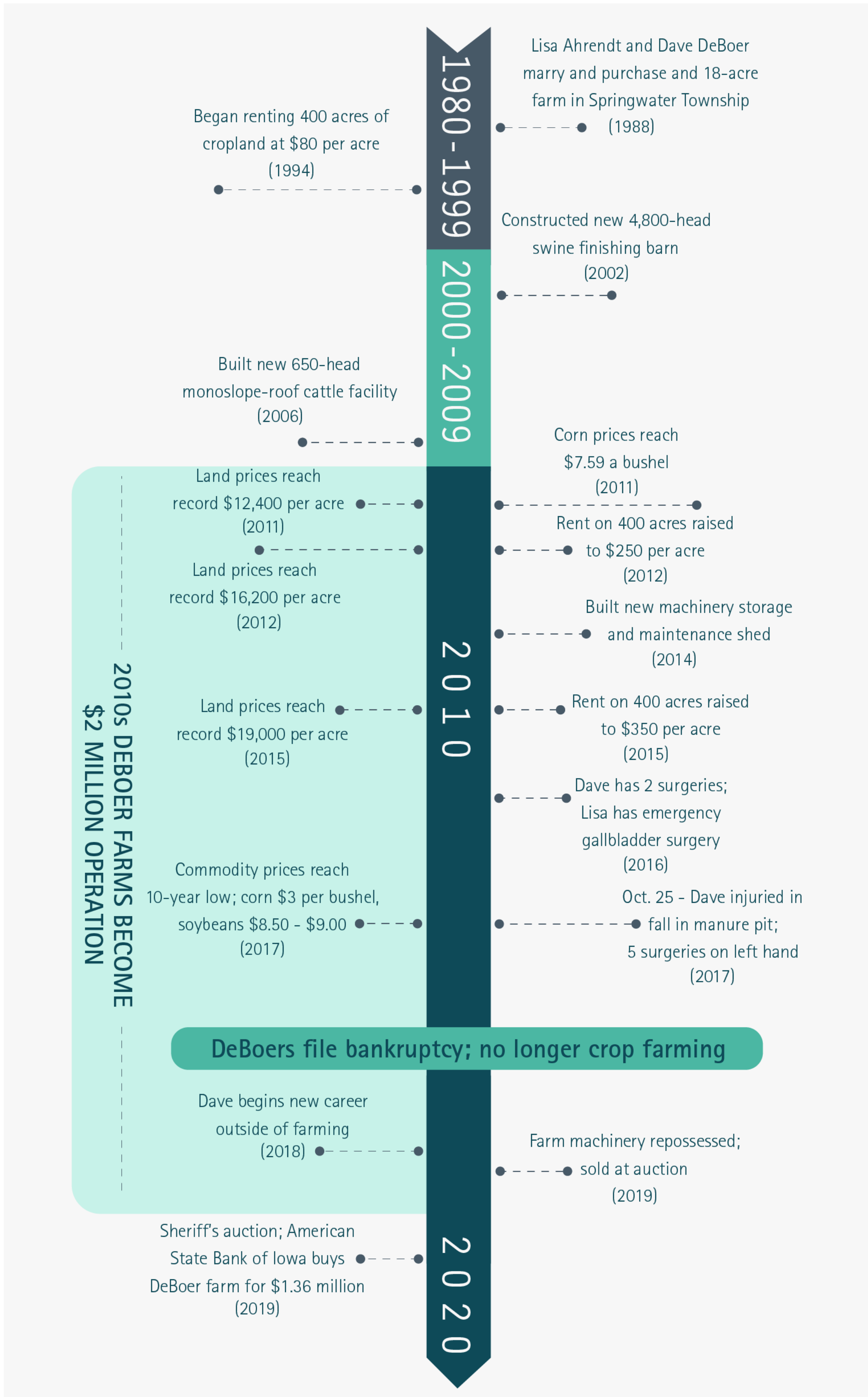
"Everything was falling into place ... then all of a sudden it all changed. ... There are events up to that date and there are events after that."

— Dave DeBoer, reflecting on Oct. 25, 2017

Dave and Lisa DeBoer's livelihood came to an end in 2018. Then in December 2019 their home was sold on a sheriff's auction by mortgage lenders, American State Bank of Iowa.

While the DeBoers continue to live on the 18-acre farm they purchased 32 years ago, they will know by the year's end if they will be allowed to purchase the current family home in Springwater Township from the bank.

The graphic at right charts their journey through years of unfortunate events and financial stressors is coming to an end, but for other farm families the journey may only be beginning.



Star Herald graphic/0227 deboer timeline

corporated 400 acres of rented cropland that surrounded their acreage at $80 per acre.

They offered to buy the land, but the owners weren't interested so the DeBoers turned their focus to replacing the aging livestock facilities that came with their acreage.

They also turned to American State Bank in Sioux Center, Iowa, a large ag lender that in 2006 promised to support them.

"I was told, 'We are the type of bank that if you have a problem, we will work you through it,'" Dave said.

In 2002 the DeBoers borrowed money to build a 2,400-head swine production barn, followed four years later with the construction of the monoslope-roofed cattle barn. Rental of the 400 acres had grown to $140 an acre by 2006.

As the family farm operation entered a second decade, the operation was grossing $2 million a year.

They finished 4,800 head of hogs annually along with 650 head of cattle.

The last of the building improvements, a new machine shop, was built north of the family home in 2014.

For years, lenders at the American State Bank routinely approved the DeBoers' building loans and yearly operating capital. The couple made regular repayments.

Community, land prices reach all-time highs

As the DeBoer operation headed into the 2010s, the farm industry was booming.

Corn prices by 2011 reached record levels, nearly $8 per bushel on the Chicago Board of Trade and $7.59 at the local elevators (double the price from 2010.)

By late 2011 land prices set a record of $12,400 per acre in Rock County.

By 2012 that record rose to $16,200 and by 2015 the record price reached $19,000 per acre.

As a result of the strong local land sales, the cash rent per acre prices began to rise, as well as the cost of living.

Dave estimates that when the hog building was built in 2002, cost of living was $50,000.

"By the time 2017 rolled around, it was more like $85,000 to $90,000. Health insurance was the biggest expense," he said.

In 2011 the per-acre rent price on the 400 acres the DeBoers had farmed since 1994 rose to $250. In 2014, per acre rent on the same 400 acres increased to $350, the same year an early frost damaged crops on Sept. 2.

"This is farming, so the corn that didn't get frosted was 200+ (in yield) and the frosted went 130," Dave said.

Extreme weather events

Series of hardships for rural couple marks end of family farm/continued from page 4

became the norm for the next five years for area farmers.

Between torrential rain events, local farmers set a record soybean yield of 61.9 bushels per acre in 2016 followed by a record corn production of 206.1 bushels per acre in 2017.

However, commodity prices didn't follow the record production.

The end of 2017 brought 10-year price lows, with corn hovering around $3 per bushel and soybean prices between $8.50 and $9, half the price of the previous five years.

When the DeBoers began planning the 2017 crop season, bank officials pressured Dave to negotiate a lower per-acre rent price with the landowners.

By the fall of 2017, a series of mishaps forced the DeBoers to change directions.

"Everything was falling into place, then all of a sudden it all changed," he said.

"There are events up to that date and there are events after that."

End of family farm/see page 9

The 5-by-5-foot cement lid rests off to the side of the DeBoer hog barn, exposing a 9-foot deep manure pit under the building. On Oct. 25, 2017, Dave fell into the pit while tugging barn's curtains into. The pit **(at right)** reveals about a foot of manure left under the hog barn that Dave DeBoer fell into on Oct. 25, 2017. He was rescued before being overcome by deadly gases but suffered broken fingers and a head wound.

New FSA director takes reins in Rock and Pipestone counties

By Lori Sorenson

New Farm Service Agency Director Eva Kramer and her staff have been scrambling to help local farmers meet critical federal signup deadlines.

March 16 is the enrollment deadline for the 2019-2020 Farm Program and producers are weighing options between the price-only Price Loss Coverage and the revenue-based Ag Risk Coverage for federal crop insurance.

Conservation Reserve Program contracts also wrap up at the end of February, so there's been a lot of foot traffic in and out of the USDA building on Gabrielson Road in Luverne.

"Yes, we're hitting it hard," Kramer said, her desk piled high with paperwork.

Her full-time hours are split evenly between the Pipestone and Rock county FSA offices, where she oversees a total of 2,350 contracts for the two counties.

"That's a significant number of contracts, and we didn't start meetings very early in the process," Kramer said.

Her official start date was Dec. 23, but the holidays and an emergency tonsillectomy in late December postponed real progress until well into January.

"Now, we're just playing catch-up," Kramer said.

She comes to the position after 7 1/2 years as a program technician in Worthington for the Nobles County FSA.

New FSA director Eva Kramer hit the ground running in January, and she and her staff are working on thousands of contracts in Rock and Pipestone counties.

She spent the past year traveling the state with four other trainees vying for eight offices hiring executive directors.

The Rock and Pipestone county office is the only one she was interested in, because she lives and farms with her husband, Josh Kramer, near Ellsworth.

"I wanted it so bad," she said. "I had a relationship with this office and worked with program technicians in Rock County for many years."

She mentioned former director Fraser Norton and technicians Julie Rietsma and Stacy Roeman among her longtime colleagues in the field.

Kramer credits these relationships for honing her skills in the FSA office, and she said her own farming experience helps with perspective.

"You get to see both sides — the producer side and the paperwork side," she said.

The big difference between her home and her office, though, is that at home she's free to express an opinion.

"It's the one time I'm allowed to say, 'This is what I think we should do,'" Kramer said.

She said farmers are agonizing over federal crop insurance decisions this year, and she needs to be careful not to make decisions for them.

"We want to provide them the right tools without giving them our

Eva Kramer takes reins/see page 8

What's your farm exit strategy?

Before their Aug. 23, 2019, equipment sale, Harold and Mary Tilstra set up a charitable remainder trust and then transferred ownership of some of the machinery to the trust before the auction sale. “Part of the value of the machinery in the charitable remainder trust became a charitable donation for that year,” Harold said. “The donation offset some of the tax liability.” (Submitted photo)

‘Charitable remainder trusts’ help manage income, taxes and charitable giving

“The charitable remainder trust is a tool for anyone who wants to support a charity while managing taxable income. Otherwise you end up working toward retirement, and then you have this great big auction that represents your earnings over time, but it's taxed all in one year.”

— Mary Tilstra, recent farm retiree with her husband, Harold Tilstra, formerly of Rock County

By Lori Sorenson

When Harold and Mary Tilstra sold their farm equipment last summer, many people at the auction congratulated them on the sale but remarked about tax implications of the proceeds.

What they didn't know was that some of the Tilstra machinery was in charitable trust, and at the end of the day the otherwise taxable income became a tax-deductible donation.

“We were looking at a way to manage cash flow and tax consequences of a farm machinery auction sale,” Harold said.

Before they arranged the equipment sale, the Tilstras worked with their accountant and attorney to set up a charitable remainder trust, as it's called. Then they had their farm machinery appraised for an estimated value and transferred ownership of some of the machinery to the trust before the auction sale.

“Part of the value of the machinery in the charitable remainder trust became a charitable donation for that year,” Harold said. “The donation offset some of the tax liability.”

Mary said it saved them a significant amount in taxes, but also provided an option for stable income in retirement.

“Our machinery was paid for and fully depreciated, so all the auction sale would have been added to taxable income for that year,” Mary said.

Mary said she's surprised more farm retirees aren't utilizing the tool, especially since it's a valuable retirement planning option as well.

“The charitable remainder trust is a tool for anyone who wants to support a charity while managing taxable income,” she said.

“Otherwise you end up working toward retirement, and then you have this great big auction that represents your earnings over time, but it's taxed all in one year.”

Here's how it works:

The Tilstras' money from the sale of the machinery in the trust is locked into the irrevocable trust, and each year they'll receive 5 percent of the value of the trust fund.

“That word ‘irrevocable’ tends to scare people, because all of us have a hard time giving up control,” Harold said. “We

Transfer wealth/see page 11

FSA Director Eva Kramer takes reins in local USDA office/continued from page 6

opinion," she said.

The ARC-PLC decision was easier in 2014 for the last farm program, because high corn and soybean prices translated to high benchmark revenues, which made ARC-County an obvious choice.

But the decision today is influenced by low commodity prices, poor production years and tighter profit margins. For many struggling producers, choosing the right federal farm payments could make the difference in surviving another.

"They just want an answer to 'Which program should we do?'" Kramer said.

"But we can't tell them what to do, We are only allowed to give out the rules. We can't provide any suggestions."

Farmers are also leaning on their crop insurance agents to steer them in the right direction, but the process starts and ends at the FSA office.

And Kramer is doing her best to provide all the tools necessary for them to make the right decision.

She said it helps that the program technicians in both offices are experienced and have solid relationships with producers.

"We really want to do the best we can do with the programs we have available," Kramer said.

Generally speaking, the PLC program makes payments when the marketing-year average price falls below the reference price, which is $3.70 for corn and $8.40 for soybeans.

The ARC-County program uses averages of prices and yields to create benchmark revenue. The ARC-Individual program allows one decision per farm (even if it's growing multiple commodities), and benchmarks are calculated off the farm's proven yield history

Complicating decisions are a long string of poor production years and prevent plant acres, so producers are applying different programs to different farms based on the unique circumstances.

Kramer said she has steered farmers to various resources to help them with the calculations.

Among them are the USDA Farm Bill website at: https://www.fsa.usda.gov/programs-and-services/arcplc and North Dakota State University https://www.ag.ndsu.edu/farmmanagement/farm-bill

"I really believe the Farm Service Agency is all about its name — farm service," she said. "And we want to be as supportive as we can."

She adds that her work covers more than crop decisions.

"If there are any questions about any farm issue, we have a lot of programs that can help," Kramer said.

"And our Rock County Land Management Office does a great job and sends guys over here all the time."

Kramer spends Mondays and Wednesdays in Rock County and Tuesdays and Thursdays in Pipestone County. She rotates Fridays every other week between the two locations. She can be reached at 507-283-2369 or email eva.kramer@usda.gov.

Series of hardships for rural couple marks end of family farm/continued from page 5

Wednesday, Oct. 25, 2017, the longest day

"It was a crazy day. Yeah …." Dave said with a sigh, his thoughts returning to the sunny fall day of Oct. 25, 2017, with harvest in full swing.

He said it's the most gratifying time on the farm, but harvest days also produce the most stress.

Days earlier, Dave learned the "simple" combine repair ballooned from $5,000 on Monday to $20,000 by Wednesday noon.

With the combine out of commission, Dave hired a silage chopper to complete a portion of the corn harvest.

At the same time, custom manure hauler Rodney Richters was emptying the pits under the DeBoer hog building.

As things rolled on at home, Dave learned through a phone call about the sudden death of Verlyn Hoff, who farmed nearby.

"He just passed away in his truck," Dave said. "He never got out of the truck. He never got out to unload corn."

As Dave came to terms with the news about Hoff, his son, Andrew, interrupted to say the silage chopper was on fire.

"You never know exactly how you're going to react," Dave said. "It had to be hilarious watching three grown men hook up a disk."

Star Herald file photo/1102 chopper fire

Fire and rescue crews work to extinguish the corn chopper fire west of Luverne along County Road 8 Wednesday, Oct. 25. Dave DeBoer hired a custom chopper for the fieldwork after his own combine broke down that fall. Ron Christians owned the chopper.

By nightfall the Luverne Fire Department extinguished the flames, and the ground around the shell of a burnt silage chopper was encircled by newly disked soil.

For Dave, however, the day wasn't yet over.

Richters had finished emptying one half of the manure pit, and with overnight temperatures predicted in the 40s, Dave set about checking the plastic curtains that needed to be raised to keep the pigs from getting too warm inside the barn.

He stepped around the 5-foot by 5-foot openings where a pump is inserted for the manure cleanout.

Guided by his pickup's headlights, Dave recalled standing on the cement ridge surrounding one pit opening, reaching up to tug the plastic curtain into place.

"I thought I was standing on the lid and took a step to the left," he said. "I remember falling and this (left) hand going through something soft."

Moments later, standing in about a foot of manure, Dave said he looked out of the lid opening, wondering how he fell nine feet into the pit under the building.

It would be only minutes before he suffocated from the concentrated manure gases.

Noises from the pigs on cement slabs above the pit and the tractor running the manure pump on the

End of family farm/continued on 14

Rock Vet Clinic: Never overlook the importance of bull testing

Erin deKoning, DVM
Rock Veterinary Clinic

I've heard the saying before that a bull is 50 percent of a cow herd. If all the cows come up open at pregnancy check, the bull accounted for 100 percent of the problem.

By having a bull breeding soundness examination (BSE) done, open and late-bred cows can be prevented or minimized. A thorough bull BSE provides a lot more information than simply evaluating semen.

We often do BSEs in our clinic because we can control the weather conditions and temperature easily. However, if the producer has a proper chute setup that can handle a bull safely, we are more than willing to perform BSEs on farm. A proper chute setup is critical for both human and bull safety.

What are the components of a bull BSE? Namely, we evaluate a bull from nose to tail, with special emphasis and detail on the reproductive system.

We begin with a visual appraisal of bull locomotion, or how well he travels. If a bull has a sore foot or a poor walking gait, he will be unable to trail cows in heat or mount them to breed them.

Bull breeding soundness examinations (BSE) can prevent or minimize open and late-bred cows. A thorough bull BSE provides a lot more information than simply evaluating semen.

Secondly, we will place the bull in a secure chute setup to perform the rest of the examination. While in the chute, we will further appraise the bull's feet by looking for obvious cracks or injuries. If the bull is being tested in our clinic chute, we will also make it a point to record the animal's weight. Additional components of the external examination include assessing the eyes, nose and overall body condition. If a bull has poor vision or damage from a previous eye infection, he will be unable to visualize a cow to safely breed her.

Before we begin the evaluation of the reproductive system, it is important to keep one thing in mind: If any portion of a bull's reproductive organs are damaged, it will be a full 60 days before any normal and viable semen will be produced. Damaged semen can be due to many insults, including exposure to extreme winter temperatures or if the bull experiences any illnesses that induce a fever.

The evaluation of the reproductive system begins with measuring and palpating the scrotum.

Normal scrotum measurements in yearling bulls should be greater than 30 centimeters. Bulls older than 2 years should measure greater than 34 centimeters. The testicles should palpate somewhat firm and be easily moveable within the scrotum.

A rectal exam is performed to evaluate the internal reproductive organs including the seminal vesicles, ampulla, prostate, inguinal rings, and the internal portion of the penis.

After the completed rectal exam, an electro-ejaculation probe is inserted to provide mild electrical stimulation that will lead to a semen sample for evaluation. The penis is visually assessed at this time.

Semen is evaluated microscopically for two components – motility and morphology.

Motility is the number of live swimming sperm with greater than 40 to 50 percent being our goal.

Morphology is an assessment of how the sperm are formed by visually appraising the heads, tails and mid-pieces.

Our goal for normal morphology is greater than 70 percent. Often if we are going to find a problem with a bull, it will be found during the microscopic evaluation of motility and morphology.

After our examination is complete, we provide each bull with his own "report card' detailing his performance and his expected ability to breed cows.

Capturing a bull for BSE also provides us a great opportunity to vaccinate the bull for reproductive diseases such as vibriosis and leptospirosis as well as for footrot and pinkeye.

Another great idea is to make sure the bull has a visual and readable ear tag, as well as provide deworming and fly control.

By having a thorough BSE done on your herd bulls, we can make sure the bull contributes more than just fifty percent to your herd.

Transferring wealth with a Charitable Remainder Trust/continued from page 7

managed the farm for 41 years, so it was definitely a decision process to walk away from that."

As it turns out, the "irrevocable" part of the arrangement is something they enjoy about the arrangement, he said.

"We don't have to think about it," Harold said.

Depending on how well the trust funds are invested, the value of the account — and therefore the 5-percent disbursement — fluctuates with markets.

"If it's invested decently, it's safe to assume we can receive distributions for the next 20 years or more into retirement," Harold said about the disbursements, which are taxable like IRA payouts.

In the Tilstras' case, the remainder of the trust is paid out to the charity after their death. They chose the beneficiary of the trust to be the Luverne Area Community Foundation.

LACF director Emily Crabtree worked with the Tilstras on the process.

"Especially in this community, CRTs are the way to plan for retirement income, manage taxes and donate to a cause you care about."


Emily Crabtree, director, Luverne Area Community Foundation

Transferring wealth doesn't mean letting go

Crabtree said too many people view "transfer of wealth" as giving up their income and their options.

"That's not true at all," Crabtree said.

"You decide what's going into the trust, and while you're still living, you and your financial adviser decide the strategy for your retirement income percentage."

But then, upon both passing, the remainder goes into the fund that's established as the charity."

While CRTs have been available for many years, it's a relatively new option for LACF donors.

"We've worked very hard in the last seven years to bring that vehicle to our donors," said foundation director Emily Crabtree. "It's always been available, but we weren't in a position to be able to offer it."

Now, she said, LACF has connections with local professionals to deliver the product.

"We have a relationship with local advisers with tools and agents and knowledge to uphold what a donor is able

Transfer wealth/continued on page 16

"We live here, we built our business here, we grew up here, we made our money here, now let's leave our money here. It allows donors to make a long-term impactful gift in the community where they have lived, plus it allows them tax relief."

— Emily Crabtree, LACF director

Passing the farm to the next generation? Consider life insurance

By Shirley Top
Kozlowski Insurance

Managing a successful farm takes time, strategy and a little luck. Farmers do a remarkable job running their businesses. The farm, along with farm personal property, is a large asset.

Have you thought about passing the farm on to the next generation? Do you have dependents to protect? Do you have savings? Will debt need to be repaid? How will the survivor deal with income replacement?

What type of life insurance should you get? If you want to protect your family against the destruction of the farm business and/or estate taxes after your death, universal life has to be considered. However, if your main concern is to protect your family against the loss of income and debt repayment, term life will work for you.

Protective Life's Custom Choice UL is truly a unique product Low cost, innovative continuation of coverage after initial period ends with guarantees.

For the 10, 15, 20, 25 and 30 year options, this product is more like term insurance. Once that period has expired, you have the option to continue the policy with more modest coverage without increasing your premiums for many years. It is in essence term with a universal life extension. An illustration when quoted and in the policy when issued clearly charts out its benefit structure and guarantees.

Protective Life Custom Choice UL includes competitive premiums, usually among the lowest for whatever age and rate classification. Flexible options at end of initial level benefit period.

After the initial level benefit period ends, the guaranteed death benefit will begin to decrease while the premium payment amount remains level.

The death benefit amount decreases each year until it reaches the minimum of $10,000. At that point, premiums will increase each year.

This is a useful and innovative option to continue coverage after the initial benefit period ends.

In typical level term coverage after the level term period ends, the conversion option, if available, entails higher premiums, or the scheduled premium, generally charted out to age 95, rises exponentially and is not usually a viable option.

Here the payment amount remains level. The benefit decreases but that may be a better option to take, especially if the insured has developed a health condition.

Option to exchange policy for a permanent universal life option from Protective Life anytime in the first 20 policy years, up to age 70, without evidence of insurability. The replacement policy will be issued with the face amount of the policy at the time of replacement.

The ability to replace your policy for permanent coverage becomes very important if you have developed a health problem and need life insurance coverage beyond the initial level premium period. Without planning, you increase your chances of becoming one of the following statistics:

•70 percent of first-generation operations do not successfully transition to the next generation.

•90 percent of second-generation do not make it to the third generation.

•96 percent of third-generation do not survive to the fourth generation.

Beyond transferring assets to your loved ones, life insurance allows you to avoid conflict, provide estate liquidity, help cover debt and provide replacement income.

Ashley Kohl photo Minnesota State Cattlemen's Association

Blac-X Farms cattle graze near the Bakken Feedlot near Beaver Creek where the Rock-Nobles Cattlemen's Summer Beef Tour stopped in 2010.

Summer Beef tour is back, coming to feedlots near you

By Lori Sorenson

With feedlots and pastures still buried under snow, local cattle producers are planning the 40th Annual Summer Beef Tour.

The July 14 event, hosted this year by the Rock Nobles Cattlemen, features eight cattle-producing families from Rock and Nobles counties who will host tours of their facilities.

According to Rock Nobles Cattlemen's president Jay Bakken, Beaver Creek, the purpose of the event is to showcase feedlot production in the two counties.

"The purpose is to promote the industry and show off innovative practices that are happening out here," he said.

"It's a good learning opportunity for other cattlemen across the state to see how our producers are managing their facilities."

Summer Beef Tour stops:

•**Binford Feedlots** (Grant and Eric Binford), northeast of Luverne, features bedded barns, slatted barns and modern feed commodity facilities.

•**G&A Farms (Glen and Matt Boeve),** Steen, features outdoor lots and unique wastewater handling with dewatering and pivot irrigation.

•**Brad VanDeBerg, Hills,** features a slatted barn, a unique shipping and receiving barn and working facility.

•**Dave Mente, Adrian**, features the tour's only cow/calf operation. It will highlight rotational grazing and local seed stock display to illustrate genetics of breeding bulls.

•**R&R Thier (Ryan Thier), Rushmore,** features outdoor yards and bedded and slatted barns.

•**Summit Lake Livestock** (Russ and Brian Penning), Wilmont, features a unique hog-finishing barn converted into cattle slat facilities.

•**Brake Feedyards,** Wilmont, is a multi-generational Brake family feedlot operation

•**3B Farms, Adrian**, is a multi-generational Bullerman family slatted barn feedlot operation.

Fifteen tour buses will depart at 7 a.m. from headquarters at the ice arena in Worthington to the farms, where they will spend about an hour talking to the producers and viewing

Summer Beef Tour/see page 20

Series of hardships for rural couple marks end of family farm/continued from page 9

other side of the barn made it impossible for Dave's shouts to be heard.

Richters seemed to appear from nowhere, and he and his son, Brenton, lifted Dave to fresh air.

"How long I was in there, I have no idea," Dave said. "It seemed like forever."

Miraculous save; crippling medical bills

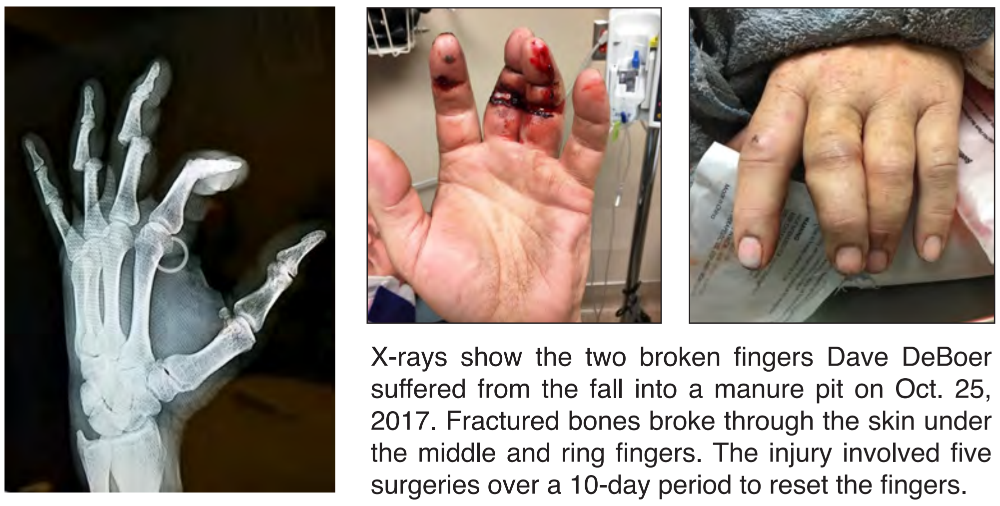
At Sanford Luverne Medical Center attempts to reposition Dave's dislocated fingers in the left hand were unsuccessful, and they sent him to the Sanford Orthopedics in Sioux Falls. Medical staff there couldn't believe his story of falling into a manure pit.

"They told me there usually isn't any good news when someone falls into a hog pit," Dave said. "I am thinking maybe Rodney got a tap on the shoulder to turn around. Thank goodness Rodney was there."

Swine manure, when agitated, gives off hydrogen sulfide gas, which attaches to areas of the brain that tell the body to stop breathing.

"You'll just stop breathing," Dave said. "You have 20 minutes usually."

Dave's body was scanned from top to bottom and, aside from a gash on his head, his left hand suffered the most damage in the fall.



X-rays show the two broken fingers Dave DeBoer suffered from the fall into a manure pit on Oct. 25, 2017. Fractured bones broke through the skin under the middle and ring fingers. The injury involved five surgeries over a 10-day period to reset the fingers.

Five surgeries ensued over a 10-day period primarily to remove manure from the open wound in his knuckles created when the bones broke through the skin.

"Dr. (Matthew) Anderson said it was not the worst — but it is a very, very close second — injury he has ever seen," Dave said.

His hand was the second injury to plague Dave in recent years.

In 2016 he had two surgeries to repair damage from a retracted eardrum in his left ear, a condition that persisted since 2015.

"I have $50,000 stuck in this left ear," Dave said.

To compound their medical expenses, Lisa suffered a gall bladder attack and had emergency surgery on Christmas morning in 2016.

"All of a sudden I had $11,000 in medical bills and for other stuff they didn't cover," he said.

The 2017 hand surgery meant the third consecutive year the maximum deductibles were met.

As DeBoer recovered from hand surgery that included six months of rehabilitation, son Andrew juggled the rest of the 2017 harvest and tended to the custom feeding of the hogs and cattle.

Meanwhile negotiations to lower the per-acre rent price ended without an agreement, and the bank refused to continue the operating loan.

The DeBoers filed for Chapter 12 reorganization, first in late 2017, which was dismissed in order to make an offer to the bank. When bank officials didn't respond, they again filed for Chapter 12 in 2018.

By 2019 the Chapter 12 was converted to Chapter 7 liquidation with the bank headed toward a sheriff's auction.

"The people who could still help us were not helping," Dave said. "The bank said, 'Go get a job,' so I did."

Starting a new career ...

Through previous business dealings Dave met Ryan Henning and began driving gravel truck for Henning Construction in 2018.

"You're never too old to learn

Series of hardships for rural couple marks end of family farm/continued from page 14

something," Dave, 53, said.

Dave's driving and Lisa's work in Luverne carried the couple's finances as lawyers worked through Chapter 7 liquidation proceedings.

"Now it is down to what it is we can keep," he said.

Today the DeBoers continue to custom feed hogs, but bank officials forced them to shut down cattle feeding.

By late summer 2019, the cattle were gone along with all of the farm equipment, which had been repossessed and sold at auction. Another livestock producer currently uses the DeBoer cattle facility.

The whirlwind of events left Dave feeling anxious and silently wondering why all these bad things were happening to him and his family.

"We are the type of people that are not that vocal," Dave said. "We tell ourselves, 'We can work through this. We got this. Something will turn around.'"

A lot of questions were asked to a therapist, with one answer rising from the sessions.

"I am at this point now where there are good decisions, bad decisions, whatever — but as a farmer, you're not a failure. You're a risk taker. You tried something and it didn't work. Move on or look for another way to fix it. Don't look at yourself as a failure."

Dave DeBoer's granddaughter Sophia Hoiland, Kate's daughter, wraps her fingers like Grandpa's. The farming hardships have brought the DeBoer family closer together as they focus on blessings.

Sheriff's auction, land sale

The Dec. 12, 2019, sale took place at the Rock County Law Enforcement Center with Sheriff Evan Verbrugge overseeing the sale. Lenders can choose to use a sheriff's auction to gain ownership of the property when the owner fails to make mortgage payments.

"This can happen to any one of us. We all live paycheck to paycheck," Verbrugge said. "It takes only one thing to tip the scale — we can overspend, get hurt, the farm economy."

American State Bank of Iowa initiated the sale and was the high and only bidder at the sheriff's auction with a $1.36 million bid for the DeBoer property.

The bid is the largest Verbrugge has seen in the 13 years as sheriff. He oversees an average of five auctions a year.

"I won't be surprised if this is not our last one," he said.

End of family farm/see page 19

Transferring wealth with a Charitable Remainder Trust/continued from page 11

> *"We feel really, really grateful. ... This is a way to accomplish a number of retirement investment goals all in one plan. ... Sometimes you're lucky enough to do something that you look back on and feel really good about. This is one of those things."*
>
> *— Harold Tilstra, recent farm retiree with his wife, Mary*

to do," Crabtree said. "And it's our responsibility to carry out the wishes as the donor intended."

In the Tilstras' case, they established the "Harold and Mary Tilstra Endowment Fund" as their recipient charity to be used for LACF operations.

But Crabtree said a remainder trust could be designated to any nonprofit or organization through the LACF.

"It can be a forever gift to your church or to whomever ... you just write that in the agreement with us," she said. "There are a lot of creative ways to use charity to help with tax benefits. Talk to your adviser about what your needs are."

Plan for retirement while leaving a legacy

Crabtree said as more Baby Boomers retire, she's hoping to help others in the community use the tool to transfer wealth.

"When you're transitioning out of a farm, when you're transitioning out of a business, when you've had a large sale of something ... using a charitable remainder trust is a great vehicle to save you a lot of money and has a retirement perk in it as well," Crabtree said.

The Tilstras said it's comforting to have the arrangement in place.

"We feel really, really grateful," Harold said. "Anybody who wants to have a vehicle to manage cash flow and tax implications, this is a way to accomplish a number of retirement investment goals all in one plan."

He said it's not about avoiding taxes; rather, it helps to manage it over a longer period of time.

"Sometimes you're lucky enough to do something that you look back on and feel really good about," Harold said. "This is one of those things."

Mary said, "As we get to understand it, it's a win-win. There are just no negatives,"

Crabtree said her favorite part of the plan is that it's an opportunity to help retirees live out their dream while helping local causes they care about.

"We live here, we built our business here, we grew up here, we made our money here, now let's leave our money here," she said.

"It allows donors to make a long-term impactful gift in the community where they have lived, plus it allows them tax relief."

But it has to be planned ahead.

"Talk to your financial advisor. That's where it has to start," Crabtree said. "It's a very thought out, planned giving tool."

The Luverne Area Community Foundation will host an informational session on **April 6** about the use of Charitable Remainder Trusts specifically for farm operations and exit strategies for farmers considering retirement.

Contact LACF director Emily Crabtree to request information related to specific interests. 507-220-2424 or emily@luvacf.org.

Strong economic news means farmer-friendly policies a must

By Rep. Joe Schomacker
District 22A (R-Luverne)

One of the biggest issues lawmakers will deal with at the State Capitol this year is how to allocate a projected $1.3 billion budget surplus, and this excess revenue gives us the perfect opportunity to help farmers and local employers: full conformity to Section 179 in federal tax law, also known as accelerated depreciation. A failure to do so will continue to cost farmers thousands.

Lawmakers arrived in St. Paul for the start of the 2020 legislative session knowing that Minnesota's economy is strong. State revenues are improving and talks of potential recessions appear to be in our rear-view mirror.

Despite the good news statewide, we know that is not the whole story in southwestern Minnesota. Low grain prices and weather made it difficult for farmers to get in and out of the field last fall, if they had a field at all.

This made it tough for ag producers in our area to compete and have the same positive financial numbers show up in their pocket-books. We expect this will eventually improve as trade policies at the federal level are worked out.

One of the biggest issues lawmakers will deal with at the State Capitol this year is how to allocate a projected $1.3 billion budget surplus, and this excess revenue gives us the perfect opportunity to help farmers and local employers: full conformity to Section 179 in federal tax law, also known as accelerated depreciation.

A failure to do so will continue to cost farmers thousands, if not tens of thousands of dollars.

Some background: Under legislation signed into law by Governor Walz last session, the Department of Revenue was directed to review Section 179 claims, adjust for new expensing limits, and review any gains or losses from the equipment they traded in.

This meant if a farmer traded in a combine in 2018 and saw a financial gain on that equipment, income taxes were owed immediately on that gain. At the same time, that tax increase was negated by higher upfront expensing limits on the federal level.

The new Minnesota tax law only allows the higher expensing limits over a six-year period, which results in a tax increase in Year 1 for farmers with a hope that it would be negated over a six-year time frame.

Farmers and small business owners later complained in droves when the tax man came calling. For some reason, state government expected farmers to have thousands of dollars just sitting around to pay off unexpected tax bills.

This session, legislation is being brought forward that will fully fund conformity to Section 179. It would also cancel any penalties and interest leveled by the revenue department on unpaid debts due to the Section 179 debacle.

Even better news, at a legislative event on Feb. 11 all four of Minnesota's legislative leaders said they expect Section 179 conformity to be in the 2020 tax bill.

By conforming to this accelerated depreciation, farmers and Main Street business owners will have more money to spend and grow their business, which will be good news for the local economy. This is a provision that is critical for the people in southwestern Minnesota, and as someone who serves on the taxes committee, I will continue to advocate for full Section 179, as well as estate tax conformity.

As always, I value your input on any legislative topic – agriculture or otherwise. You can contact me by phone at 651-296-5505 or by email at rep.joe.schomacker@house.mn. I look forward to hearing from you.

State Rep. Joe Schomacker (R-Luverne) represents District 22A in the Minnesota House of Representatives, which is comprised of all or parts of Rock, Pipestone, Nobles, Murray, Lyon, and Lincoln counties.

What's the state of farming in Rock County?

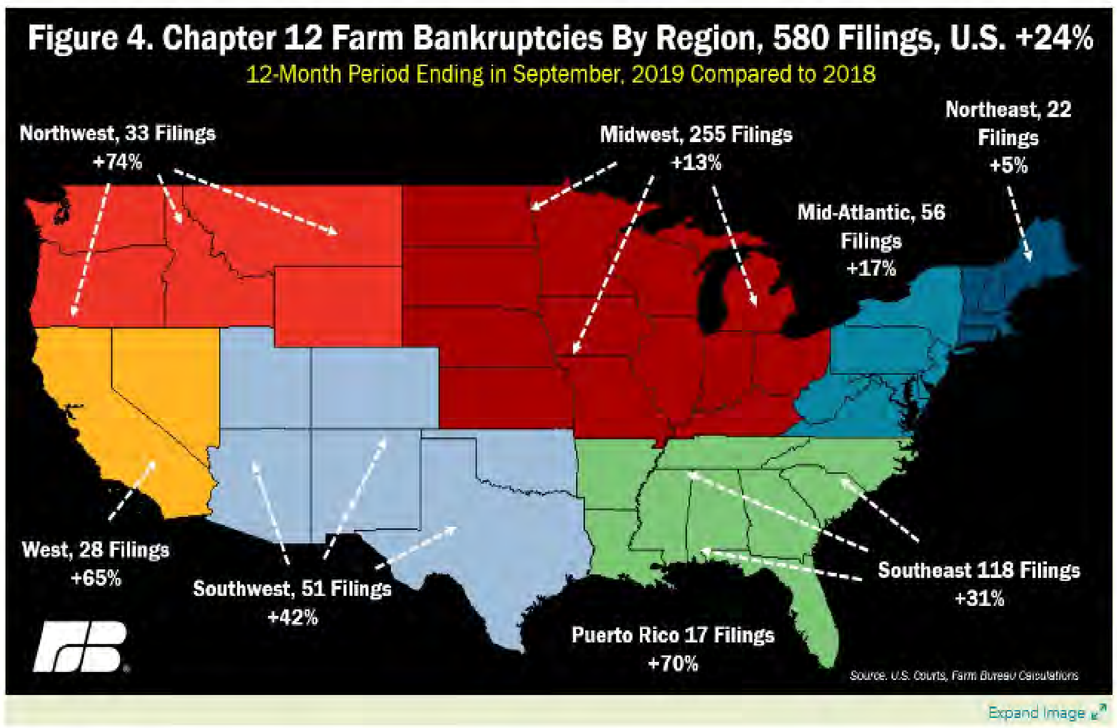
Ag bankruptcies are on the rise; how are our farmers doing?

By Lori Sorenson

Farm bankruptcies in Minnesota and nationwide continue to rise as extreme weather and global trade tensions weigh on commodity prices and farm profits.

Incrementally, the impact seems minor, but farm bankruptcies in the upper Midwest were three times greater in 2019 than in 2013.

Since the high point in 2012 farmers have taken on more debt, requiring lenders to demand more collateral. More farmers are turning to alternative modes of borrowing, such as from seed companies or upstart ag lending outfits.



This Farm Bureau graphic shows that overall the Midwest is doing better than most of the rest of the country despite the volatile weather conditions in the past two years.

> *"The state of agriculture in Rock County is stronger than much of the balance of southwestern Minnesota and likely Minnesota as a whole. While increases in farm bankruptcies catch the headlines, a larger majority of the ag producers have been proactive and taken steps to reduce their overall costs."*
>
> *— Isaac DeBoer, MinnWest Bank*

The Rock County Star Herald reached out to local lenders to get their take on the state of agriculture in Rock County, in light of these bleak figures.

Isaac DeBoer at Minnwest Bank responded with some perspective as follows:

The state of agriculture in Rock County is stronger than much of the balance of southwestern Minnesota and likely Minnesota as a whole.

While increases in farm bankruptcies catch the headlines, a larger majority of the ag producers have been proactive and taken steps to reduce their overall costs.

In addition the cash price for corn in Rock County is higher than much of the state as a result of the level of end usage of corn for ethanol and corn for livestock feed.

It has resulted in corn prices that are $.20 to $.40 higher than normal, and as much as $.75 to $.90 higher than areas in western Minnesota, and southeastern Minnesota for the same quality corn.

Those other areas in Minnesota have much more reliance on exports either via rail to the west, or via the Mississippi River to the south, and the export markets have dropped off dramatically in the past 12-18 months. Those markets have higher quality standards that have to be met for the corn as well.

In addition, the dairy market and hog market saw a significant rebound this past year, resulting in both of those sectors seeing profitability opportunities return.

Cow calf operations and finish cattle feedlots struggled a bit more, with prices only allowing for something on either side of break even for the past 12 months. Further, wet weather adversely affected the health of animals for the second straight year.

With all of this said, a large percentage of operations are still just marginally profitable, and returns on their equity or investment remain in the low single digits. Meanwhile most of us have seen our 401k or other retirement balances grow by 15-20 percent over that same time frame.

Over the past two years ag producers have had to rely upon government support payments to bridge the gap and cover costs, which is not where any of them want to be over the long term.

There are hopes on the horizon that improved trade will result in a fair price for their commodities. However up to this point all of this has been talk with very little improvement being seen in price as a result of anticipated improving demand from export markets.

Series of hardships for rural couple marks end of family farm/continued from page 15

Dave's 'second birthday'

Oct. 25, 2017, remains a pivotal date in Dave's life.

"It's my 'second birthday.' That's what I call it," he said. "I have a sister that sends me a 'Happy Birthday' card on that day."

The DeBoers do not know exactly how much money is owed to American State Bank.

Legal fees and other expenses push the amount to an estimated $700,000, with the proceeds from the confiscated livestock contract payments and proceeds from the sale of the farm machinery.

A 12-month redemption period started Dec. 12 with the completion of the sheriff's auction. During that time the bank will decide how much the property is worth and possibly offer one or both parcels back to the DeBoers for purchase.

The DeBoers' home is considered part of the farm loan and is not exempt from the bankruptcy proceedings.

With both of them working, they are preparing financially to purchase their home or search for a new house.

"I would never have thought we would go through this," Lisa said. "It hasn't been easy, but I take it one day at a time."

The couple, both 53, said together they will move forward.

Lisa found inspiration in a phrase of unknown origin she read one day, "No matter how hard life can get, be grateful for all you have."

They mourn the loss of their family farm and especially the loss of passing something to the next generation.

"It has been the toughest for Andrew," Lisa said. "Your dreams about taking over Mom and Dad's farm are gone."

Instead of attending the sheriff's auction Dec. 12, the DeBoers contentedly watched their granddaughter's Christmas program in Luverne.

Together they decorated cookies, munched on reindeer food and enjoyed the family activities.

"At the end of the day, we're going to be OK," Dave said.

Lives being rebuilt with a new perspective

While Dave completed six months of rehabilitation on his hand, he said the landowner of the rented farmland visited him at home in late 2017, shortly after the October incident.

He admits that he was not feeling well and the conversations between both parties may not have been pleasant.

Dave hoped his offer to purchase the 400 rented acres would be accepted at $10,000 an acre.

"The goal was to buy the ground and put the farm back together, and that wasn't going to happen," Dave said. "That was frustrating."

In early 2020, 160 of the 400 acres the DeBoers had rented sold at public auction for $7,550 an acre, down from the asking price of $14,000 in 2017.

Dave said he wouldn't do things differently if he could make decisions all over again.

"You trust people to have your back," he said.

He is happy to be alive, and Lisa has noticed the change in Dave since deciding on a different career.

"Dave went in with the perspective that he just experienced a life-altering event and he went into (the career change) like there are worse things," she said.

In the end, the DeBoers are thankful for what they do have, especially in son Andrew, who is forging a new agricultural career path.

Daughters Kate and Erica have said they will miss their farm home as well. Both, however, have moved away from farm life with Kate operating a day care and Erica soon graduating from college with an interior design degree.

"We don't want to be homeless," Lisa said. "A house is a house, but a home is your family."

The DeBoers are preparing for whatever decisions they will have to make by year's end. They recently started reaching out to other farm families who are going through similar decisions about fighting for the family farm.

"We have heartfelt gratitude toward family and friends who have shown sincere understanding — you never know how people will react," Dave said.

He offers this advice after being forced to give up his career in farming: "If you can't help someone, please don't make the situation worse for them."

The DeBoer farm provided plenty of family adventures for children and grandchildren. Here, Dave and Lisa's son Andrew gives his daughters, Neveah (left) and Taya, an upclose look at the pigs.

"I would never have thought we would go through this. It hasn't been easy, but I take it one day at a time."

— Lisa DeBoer

"At the end of the day, we're going to be OK."

— Dave DeBoer

Rock Nobles Cattlemen host 2020 Summer Beef Tour/continued from page 13

"It's open to anyone, from fellow farmers to the local priest and hairdresser. You don't have to be a farmer or involved in the beef industry to attend."

— Jay Bakken, Rock Nobles Cattlemen's Association president

the facilities. On the way to each stop, video footage from each farm is broadcast on the tour buses.

All buses will stop at the Magnolia New Vision facility for a noon meal, and then return to the ice arena in Worthington at 5:15 p.m. for an evening steak supper.

Not just for beef producers

The Summer Beef Tour is for anyone who wants to board a bus and view the local operations, according to Bakken.

"It's open to anyone, from fellow farmers to the local priest and hairdresser," Bakken said. "You don't have to be a farmer or involved in the beef industry to attend."

He added that the $20 registration fee includes a midday lunch stop and a grilled steak dinner. The registration fee is waived for students, college and younger.

The Minnesota State Cattlemen's Association has been hosting Summer Beef Tours for 40 years, and Bakken said the longevity speaks well of the state beef industry and its producers.

"We have a good state organization made up of local producers who are willing to take on the work of hosting the tours," he said.

"And we've had good support from our business partners who get to come along and learn about what we're doing. … It creates opportunity for some face-to-face interaction between these vendors and producers."

Bakken said the ag economy in the beef industry is fairly far-reaching and the Summer Beef Tour is a good time for everyone to come together.

"It's also a social time for camaraderie in the beef business," he said.

"If there were ever a time to get support from your peers, this is it."

The tour is hosted in different parts of the state each year (next year it's in Zumbrota), and each region features its own unique forms of cattle production.

"Up north, it's mostly cow-calf country, but down here we're mostly feedlots," Bakken said.

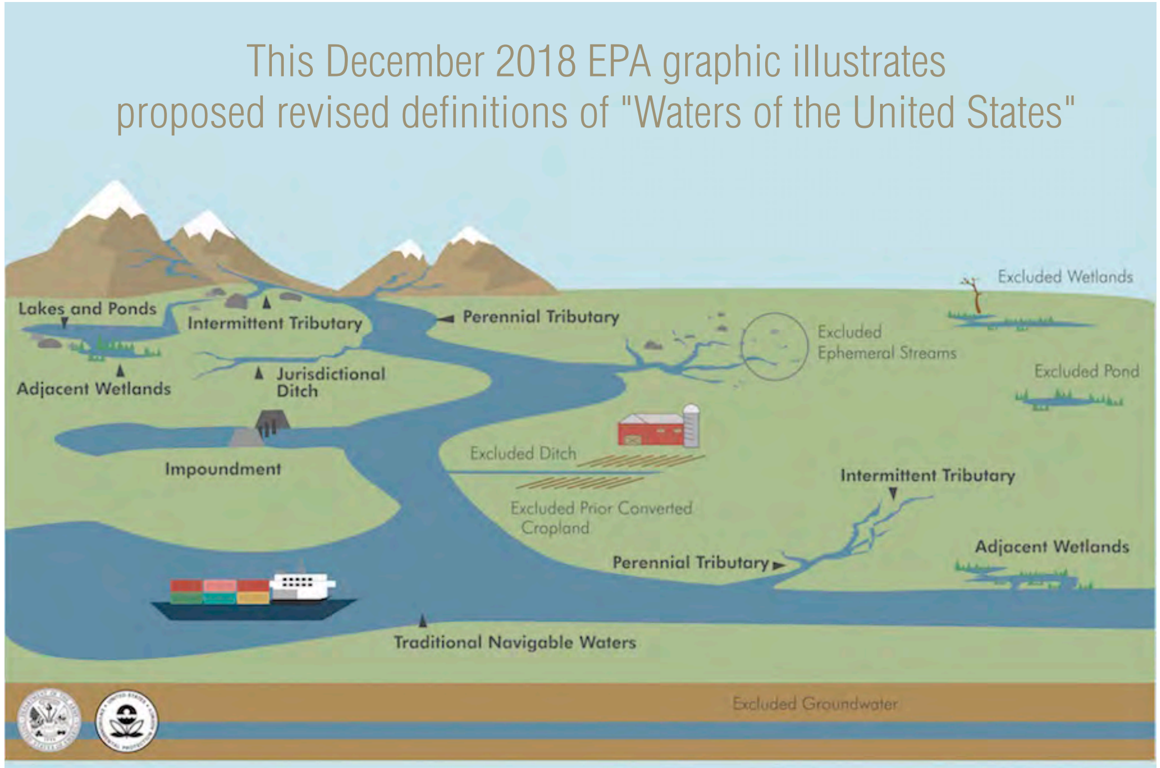
"We have a lot of producers doing innovative things here and we're going to see top-notch feedlot production enterprises in this part of the state."

Summer Beef Tour registration information is at www.mnsca.org or by contacting Bakken at jsbakken918@gmail.com.

ROCK NOBLES CATTLEMEN
40th 2020 SUMMER BEEF TOUR
MINNESOTA STATE CATTLEMEN'S ASSOCIATION SUMMER TOUR

Ag leaders clarify how new WOTUS definitions affect Rock County

It doesn't affect state Wetland Conservation Act



By Lori Sorenson

Recent news releases have attempted to summarize major rule changes to federal wetland/water jurisdiction and their effects on national and local wetland and water resources.

"This is a difficult task given the complexity of federal jurisdiction and how it is applied to various landscapes across the nation," said Doug Bos of the Rock County Land Management Office.

"Basically the changes to the WOTUS rule will not change the wetland rules in the state of Minnesota under the Minnesota Wetland Conservation act. I still encourage all landowners and farmers to check with our office and the NRCS before tiling any ground or changing/clean out any waterways or streams."

In the following, Bos offers a summary of the major facts and focuses on the effect of the new rule on Minnesota wetland resources.

Background

Section 404 of the Clean Water Act is the primary basis of federal regulation of wetlands/waters in Minnesota.

It states that wetlands/waters that meet the definition of "Waters of the U.S." (WOTUS) are jurisdictional and hence regulated, and federal regulations defined them in 1986 and 1988.

Application has varied over time, but in 2015 the EPA and St. Paul District Army Corps of Engineers issued a rule that redefined WOTUS. It was immediately challenged in court where it remained tied up in litigation and ended up not being implemented in much of the country.

On Dec. 23, 2019, the EPA and Corps repealed the 2015 rule and re-codified the pre-existing regulations. The pre-2015 WOTUS definition is in effect nationwide as of now.

EPA and the Corps are proposing a new federal rule that redefines WOTUS. It attempts to identify clear categories of waters that are federally regulated, but it will not be effective until 60 days after publication in the Federal Register. At this time publication has not yet occurred.

What does the pending WOTUS definition mean for federal jurisdiction of waters/wetlands?

When compared to current regulations and the 2015 rule, the new WOTUS rule may reduce the scope of federally regulated waters nationwide.

The most obvious change eliminates from jurisdiction ephemeral streams, which will be most significant in states such as Arizona and New Mexico where ephemeral streams make up a significant portion of their waters.

There will be a period of time after the federal rule goes into effect where the EPA and Corps may develop more specific regulatory procedures to implement it.

This will, of course, have an influence on the resulting effects of the rule.

Additionally, it is possible that the rule will be challenged in court, which may affect implementation.

What does the pending WOTUS definition mean for state jurisdiction of wetlands/waters in Minnesota?

Minnesota's regulation of wetlands is fairly comprehensive because of the Wetland Conservation Act (WCA) and the DNR Public Waters Work Permit Program (PWWPP).

The new WOTUS rule will not reduce the scope of wetlands regulated by the major state wetland regulatory programs (WCA and PWWPP) in Minnesota, nor will it substantially change the process and procedures for implementing state regulations.

The rule may affect how the Minnesota Pollution Control Agency (MPCA) assures compliance with state water quality standards. Contact me if you want more explanation on this aspect.

It does not affect Minnesota's WCA implementation.

WOTUS defined/see page 22

WOTUS redefined/continued from page 21

What can you tell landowners, applicants or others when asked about the new federal rule and its effects?

The pending new federal rule redefines federal jurisdiction of wetlands/waters.

It has no substantive effect on state jurisdiction of wetlands.

The vast majority of wetlands will continue to be regulated by the state.

While federal jurisdiction may change, the extent of change for Minnesota is unknown until the EPA and Corps develop more specific regulatory procedures to implement the new rule. Regardless of the outcome, we expect that most wetlands and waters in Minnesota will continue to be subject to federal regulation.

Bos can be reached at the Rock County Land Management Office, 507-283-8862, for questions.

USDA reminds producers of Feb. 28 deadline for CRP signup

Call Rock County FSA at 507-283-2369 to inquire about CRP signups

The U.S. Department of Agriculture (USDA) reminds agricultural producers interested in the Conservation Reserve Program (CRP) 2020 general signup to enroll by Feb. 28, 2020.

This signup is available to farmers and private landowners who are either enrolling for the first time or re-enrolling for another 10- to 15-year term.

Farmers and ranchers who enroll in CRP receive yearly rental payments for voluntarily establishing long-term, resource-conserving plant species, such as approved grasses or trees (known as "covers"), which can control soil erosion, improve water quality and develop wildlife habitat on marginally productive agricultural lands.

CRP has 22 million acres enrolled, but the 2018 Farm Bill lifted the cap to 27 million acres.

Signed into law in 1985, CRP is one of the largest private-lands conservation programs in the U.S.

It was originally intended to primarily control soil erosion and potentially stabilize commodity prices by taking marginal lands out of production.

The program has evolved over the years, providing many conservation and economic benefits. Marking its 35th anniversary in 2020, CRP has had many successes, including:

•Preventing more than 9 billion tons of soil from eroding, enough soil to fill 600 million dump trucks;

•Reducing nitrogen and phosphorous runoff relative to annually tilled cropland by 95 and 85 percent respectively;

•Sequestering an annual average of 49 million tons of greenhouse gases, equal to taking 9 million cars off the road;

•Creating more than 3 million acres of restored wetlands while protecting more than 175,000 stream miles with riparian forest and grass buffers, enough to go around the world 7 times; and

•Benefiting bees and other pollinators and increased populations of ducks, pheasants, turkey, bobwhite quail, prairie chickens, grasshopper sparrows and many other birds.

The CRP continuous signup is ongoing, which enables producers to enroll for certain practices.

FSA plans to open the Soil Health and Income Protection Program, a CRP pilot program, in early 2020, and the 2020 CRP Grasslands signup runs from March 16, 2020 to May 15, 2020.

To enroll in CRP, contact your local FSA county office or visit fsa.usda.gov/crp. To locate your local FSA office, visit farmers.gov/service-locator.

Southwest Minnesota farmland values decrease .2 percent

Rock County had the highest average sale price of $8,851 per acre in 2019. See the table below.

County	2014	2015	2016	2017	2018	2019
Chippewa	$7,011	$7,286	$5,699	$6,578	$6,460	$6,336
Cottonwood	$8,790	$6,400	$6,450	$7,266	$7,322	$8,064
Jackson	$7,984	$7,311	$6,825	$7,399	$6,671	$6,361
Lac qui Parle	$4,251	$4,765	$4,191	$5,111	$5,105	$5,049
Lincoln	$6,661	$6,432	$4,482	$4,415	$5,312	$5,806
Lyon	$7,918	$6,078	$6,538	$6,057	$5,358	$5,607
Martin	$9,341	$7,513	$7,744	$6,370	$6,120	$6,915
Murray	$6,722	$6,207	$6,890	$6,135	$6,406	$5,446
Nobles	$7,347	$8,200	$8,828	$7,132	$8,548	$8,152
Pipestone	$7,433	$6,315	$7,651	$5,478	$6,211	$6,914
Redwood	$9,023	$7,283	$6,459	$6,852	$7,114	$6,600
Rock	$9,353	$11,148	$10,753	$7,545	$8,656	$8,851
Watonwan	$7,549	$6,681	$6,749	$6,588	$7,373	$6,006
Yellow Med.	$7,154	$5,387	$5,325	$5,830	$5,584	$5,959
Average	$7,556	$6,929	$6,751	$6,340	$6,589	$6,576

At the end of each year for the last 25 years, a survey is conducted of bare farmland sales (not to relatives) in 14 southwestern Minnesota counties.

After reaching record high prices of $8,466 per acre in 2013, the upward trend was broken as prices declined in 2014 and continued down to $6,340 in 2017.

Prices increased to $6,589 in 2018, prices remain constant in 2019 with a slight decrease (.2 percent) to $6,576 across the 14-county average.

There was a lot of variability in the numbers from 2018 to 2019, with farmland prices decreasing in seven counties and increasing in seven counties.

Prices increased in Cottonwood, Lincoln, Lyon, Martin, Pipestone, Rock and Yellow Medicine from 2018 to 2019 with the largest increase at 13 percent in Martin and the largest decrease in Watonwan 18.5 percent.

Rock County had the highest average sale price of $8,851 per acre and Lac qui Parle the lowest at $5,049 per acre.

For the last 10 years there have been large percentage changes. In the eight years before 2014, prices increased at an annual rate of 15.3 percent, but from 2014 to present the average change has been a 4.8 percent decline.

There are several factors that have an effect on land values

Farm incomes, grain prices, interest rates, return on other investments and 1031 exchanges are often mentioned as reasons for the increase.

Farm profits were weaker in 2013 and turned negative since 2014 with lower commodity prices. There were good to record profits in the Southwest Minnesota Adult Farm Management program, from 2005 through 2012.

During 2013, half the farms in adult farm management in Southern Minnesota lost money on corn production.

These losses have continued through 2019 softening local demand for the land from average farmers.

Interest rates have started to slowly increase and land rental income is comparable or higher than what an investor can earn from treasury bills, bonds or certificates of deposit at financial institutions.

The stock market increased in 2019 prompting interest in 1031 exchange sales.

Rather than pay taxes on large gains from the sale of land, landowners purchase like property or other farmland at a more reasonable price elsewhere, which increases rural farmland demand.

The reason for increases or decreases in farmland sales prices is a combination of all of these factors.

Which direction farmland values will go depends on several factors.

•Supply and demand will determine this.

•The simple return on investment, which is determined by rental rates, will determine how competitive farmland is compared to other investments, and this will determine a value for farmland.

•Corn and soybean prices for 2019 crop are still at lower levels than previous years. This should have an impact on profits, farm rental rates and eventually farmland values.

•The government programs have an influence as well through the farm bill.

•If interest rates rise or farm rental rates fall, the value of land is sure to be affected in a negative way and that will cause a decrease in land values.

As ag producers struggle, the Legislature has more work to do

By Sen. Bill Weber (R-Luverne)

> *There are a number of reforms to be made to support farm families and businesses. We have a $1.3 billion budget surplus, which puts us in a position to engage in true tax reform.*

The legislature is back in session for 2020. As we spend the next ten weeks in St. Paul, there are a few issues I want to keep at the forefront of your mind.

In 2019, as the only politically divided legislature in the nation, we passed our biennial state budget with bipartisan support.

The budget prioritized farm families and farm development across Greater Minnesota through investments in affordable housing, broadband, agricultural research, mental health services, and more.

But as Minnesota farmers and ag producers continue struggling with the multi-year decline of farm income, the legislature has work left to do. As chair of the Senate Agriculture, Rural Development, and Housing Policy Committee, my focus will be making sure citizens in Greater Minnesota are equipped for the future.

There are a number of reforms to be made to support farm families and businesses. We have a $1.3 billion budget surplus, which puts us in a position to engage in true tax reform.

I will push for full Section 179 conformity, which relates to farm equipment purchases and depreciation, as well as for middle class income tax reductions and a further cut to the income tax on Social Security benefits.

It is also possible that some of the budget surplus might be used to pay cash for the many capital needs across the state, including within our transportation network, our colleges and universities, local wastewater treatment infrastructure, and others.

Paying cash for these projects would save money in the long run rather than burdening taxpayers with more debt.

In addition, we know access to high-speed broadband Internet is absolutely critical for Minnesotans to compete in the modern economy. Last session, we prioritized rural broadband access with an additional $40 million for the Border-to-Border Rural Broadband program. Connecting rural areas is a necessity and it's something consistently on legislators' minds.

Next, while African Swine Fever has not been detected in Minnesota, the disease is currently ravaging China's pig population.

Minnesota — and particularly southern Minnesota — is among the national leaders in pork production; other ag producers, like soybean farmers, would also be adversely affected by the African Swine Fever should it ever reach Minnesota.

We will be exploring options for preventative and detection measures to ensure the safety of our animals and our citizens.

Finally, over the past few years, one of my focuses at the state legislature has been the shortage of affordable housing and child care in Minnesota — and asking how government rules and regulations are adding to the cost, particularly in Greater Minnesota.

While we understand the market has seen an increase in construction costs, and while our day care providers deserve to make a good income, there is little doubt that government regulations have also contributed to the cost increases. Government's answer is to throw more money at the problem rather than reevaluate itself.

To that end I will continue to push for reforms that help builders reduce costs and ultimately provide more affordable housing and child care in our communities.

We will be looking at ways to directly address the affordable housing shortage, including potentially modifying burdensome permitting fees, zoning restrictions and code requirements that limit new construction and unnecessarily drive up the cost of housing for everyone. Ultimately, the most effective way to drive down costs it to create more options.

As a state senator representing all or parts of nine rural counties, I know how important many of these issues are to my constituents. I will keep you updated as the session progresses — and, as always, I'd love to hear your feedback. Contact my office any time.

Senator Bill Weber, of Luverne, represents the District 22 communities of Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, and Rock counties in the Minnesota Senate.

He serves as chair of the Senate Agriculture, Rural Development, and Housing Policy Committee.

Silage accidents can result in injury or death

The only thing predictable about silage-related accidents is that they have and can result in serious injury or death.

Keith Bolsen, Professor Emeritus, Kansas State University, offers some simple steps that can help safety become a reality in feedyards.

Four common hazards encountered when managing silage in bunker silos and piles at feedyards include:

- Fatigue
- Complacency/not paying attention
- Entanglement in machinery or equipment
- Exposure to silo gas (nitrogen dioxide)

At harvest time, long hours of harvesting, transporting, filling, packing, and covering silage in bunkers and piles increase the risks of fatigue, drowsiness, and even illness.

The following guidelines help minimize the risk of fatigue and promote a safer workday:

- Employees should get a good night's sleep, because tired machinery or equipment operators are more likely to make mistakes than operators who are well-rested.
- The silage team should be properly sized to perform all tasks safely.
- Periodic breaks of 15 to 20 minutes are effective in keeping employees alert.
- Everyone should carry snacks and plenty of water. It is important to stay hydrated!

The employees on a silage contractor's crew should take two 20-minute meal breaks during their shift.

Fifty-year old Peter Santini was chopping whole-plant corn for silage at his Harmony Township, N.J. farm seven years ago. It was a ritual he knew well. His father, Frank Santini, was working with him. "Their teamwork had roots in generations of tradition, on a farm that has been in the family for 80 years," Bolsen said.

"About 5:15 p.m., Frank left briefly to get his son some supper. When he returned, he found Peter trapped in the forage harvester. He was attempting to fix the machine while it was running and was pulled into it. He was pronounced dead at the scene."

In the event that inspection or service work is needed for silage equipment, engines should be shut down and keys should be removed from the equipment to ensure someone doesn't accidentally start it. Cutter heads must come to a complete stop if they need to be adjusted or unplugged.

"Machine guards and shields should always be kept in place to protect the operator from rotating shafts, chain and v-belt drives, gears and pulleys, and rotating knives on forage harvesters, silage wagons, and silage feeding equipment," Bolsen says.

"Exposed blades of a silage defacer pose a serious entanglement hazard. Never approach defacer blades while the machine is in operation. Never attempt to adjust, repair or unclog any machine while it's running."

Silage gas — nitric oxide — can be produced during the first few weeks after a forage is ensiled. Nitric oxide changes to nitrogen dioxide (NO2) when it contacts oxygen. Nitrogen dioxide, which can accumulate in and around bunker silos and silage piles and livestock housing and open lot areas, can be fatal to humans and animals.

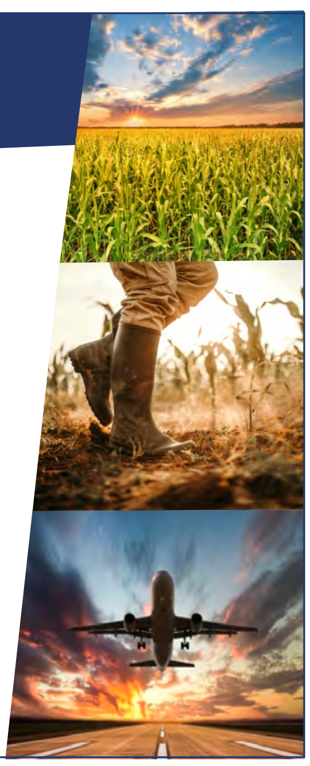
"Even brief exposure to NO2 can produce sudden death," Bolsen says.

"It's a reddish-orange to yellowish-brown, heavier-than-air gas that smells like a laundry bleach. The highest levels of NO2 typically occur during the first 24 to 72 hours after the forage is ensiled. However, dangerous levels of the gas can persist for up to three weeks."

Anyone who experiences even slight throat irritation or coughing around a bunker silo or silage pile must move to fresh air at once. See your doctor immediately if you suspect that you have been exposed to nitrogen dioxide gas.

"If a feedyard's silage program isn't safe, then nothing else about it really matters," Bolsen says. "After all, the most important goal at every feedyard is to send all employees home safe to their families every day."

This information is provided by UNMC, Central States Center for Agricultural Safety and Health, Omaha, Nebraska.



Decisions, decisions ... farmers face tough choices with farm program

By Kent Thiesse,
Farm Management Analyst

The deadline to sign up for the 2019 and 2020 farm program is March 15 at local USDA Farm Service Agency (FSA) offices throughout the United States.

The initial farm program choice (PLC, ARC-CO or ARC-IC) will remain the same for the 2019 and 2020 crop years.

Starting with the 2021 crop year and continuing for the 2022 and 2023 crop years, producers can switch their farm program choices on FSA farm units on an annual basis.

Price-only "Price Loss Coverage" (PLC), revenue-based "Ag Risk Coverage" (ARC)

The ARC program choice includes both the county-yield based ARC-CO program choice and the ARC-IC program, which is based on farm-level yields.

The farm program choice between the PLC and ARC-CO is specific to each eligible crop and may vary on the same FSA farm unit. For example, a producer could choose PLC for corn and wheat and ARC-CO for soybeans on the same farm unit.

The farm program choice can vary from farm unit to farm unit for the same crop. For example, a producer could choose PLC for corn in one county and ARC-CO in another county, if the farms are separate FSA farm units. The program choice for a crop on the same FSA farm unit must be the same, even if the farm unit includes land in multiple counties.

The ARC-IC program must be applied to all covered commodities on a given FSA farm unit, and all farm units in a state that are enrolled in ARC-IC are considered together in one ARC-IC calculation. This may limit situations where ARC-IC is a favorable farm program option.

If producers do not make a farm program choice for the 2019 crop year by March 15, 2020, they are not eligible to receive any 2019 farm program payments.

If they do not make a 2020 farm program choice, they will automatically be enrolled into the same farm program choice that existed for the 2018 farm program.

Overview of PLC and ARC-CO

Following is a brief analysis of the farm program choice between PLC and ARC-CO for the 2019 and 2020 year for soybeans and corn in most instances:

Soybeans: In many areas of the Upper Midwest, the current farm program analysis probably leans toward ARC-CO for 2019 and 2020.

The 2019 soybean ARC-CO benchmark (BM) price is $9.63 per bushel and it appears that the final 12-month 2019 MYA price will likely end up at $9.00 per bushel or lower. This means that any county that has a 2019 final county average yield that is 4-5 bushels below the 2019 county BM yield could likely result in a 2019 soybean ARC-CO payment.

A yield decline of 10 bushels per acre or more below the county BM yield could result in close to the maximum 2019 ARC-CO payment in many counties. There are several counties in Minnesota, western Iowa, North and South Dakota that could fall into this range.

In order to earn a soybean PLC payment, the soybean MYA price needs to drop below $8.40 per bushel, which did not occur from 2014-2018, and is not likely to occur when the 2019 marketing year ends on Aug. 31, 2020.

Corn: The most difficult decision between the PLC and ARC-CO program choice for 2019 and 2020 is probably for corn, especially in areas that had below-average corn yields in 2019.

The 2019 and 2020 BM price for corn will be $3.70 per bushel, which is the same price as the PLC reference price.

PLC payments begin at a final MYA price below $3.70 per bushel, while potential 2019 and 2020 ARC-CO payments will be dependent on final county average yields.

The current estimate for the 2019 MYA price is near $3.80 per bushel. At that price level, a final county yield would need to be about 17 percent or more below the county BM yield to initiate a 2019 ARC-CO payment.

Producers in counties that are likely to have a final 2019 county average yield that is 20 percent or more below the county BM yield may want to consider the corn ARC-CO program for 2019 and 2020.

At the current 2019 MYA price estimate of $3.80 per bushel, there would not be a 2019 corn PLC payment; however, the PLC program option may provide "price protection" for the 2020 MYA marketing year, which runs from Sept. 1, 2020, through Aug. 31, 2021.

The prospects for large U.S. corn acreage in 2020 and a return to a more normal national average corn yield would increase total U.S. corn supply and would likely put post-harvest pressure on 2020 corn prices.

The PLC program provides corn MYA price protection from $3.70 down to $2.20 per bushel. The final corn MYA price from 2014-2018 was $3.70 per bushel or lower, resulting in corn PLC payments from 2015-2018.

Situations that favor the ARC-IC program

FSA farm units with 100 percent prevent plant acres in 2019 are likely to receive the maximum ARC-IC payment for 2019.

On FSA farm units with partial prevent plant acres and some planted crop acres in 2019, only the crops produced are considered in the ARC-IC calculation (prevent plant acres are not considered). If the final revenue on the planted acres is too high, there would not be an ARC-IC payment on any of the base acres; however, if there is ARC-IC eligibility it would be applied to all eligible base acres.

Farm units with very low crop yields in 2019 may also qualify for partial or maximum 2019 ARC-IC payments, which could be a factor on individual FSA farm units with low yields in a county that may not qualify for 2019 ARC-CO payments.

Following are some key points to keep in mind when considering the ARC-IC program option:

- ARC-IC payments are paid on only 65 percent of crop base acres versus 85 percent with ARC-CO, so it is possible that ARC-CO payments in a county with very low 2019 corn and soybean yields may be higher than the maximum ARC-IC payments.
- The ARC-IC program usually works best on smaller individual FSA farm units and in situations where several farm units have not been combined together into one large FSA farm unit.
- A farm unit will need to remain in the ARC-IC program for both 2019 and 2020, and the program choice cannot be switched to PLC or ARC-CO until 2021.
- Producers should make sure that they understand the ARC-IC program and 2019 payment potential before enrolling in the ARC-IC program for 2019 and 2020, as ARC-IC is very complex.

From new homes, garages, fellowship halls, offices, pole buildings, farm shops, cattle barns, remodels, twin homes or whatever our clients want built, we have the crew to get it done.

Cleveringa Construction is also transitioning to the next generation as current employees Adam Uithoven and Derek Sandbulte prepare to take over the business from founders Merlin and Carol Cleveringa.

All the full- and part-time employees of Cleveringa Construction are very dedicated to their jobs. Their work is above and beyond what customers expect, assuring them a successfully completed project.

"As the business transition takes place, we want to thank all of our first-time and repeat customers and extend a hand to new customers as Cleveringa Construction moves forward.

"The Good Lord has blessed us very well. Remember to give thanks for all you have." ¬ Merlin and Carol Cleveringa

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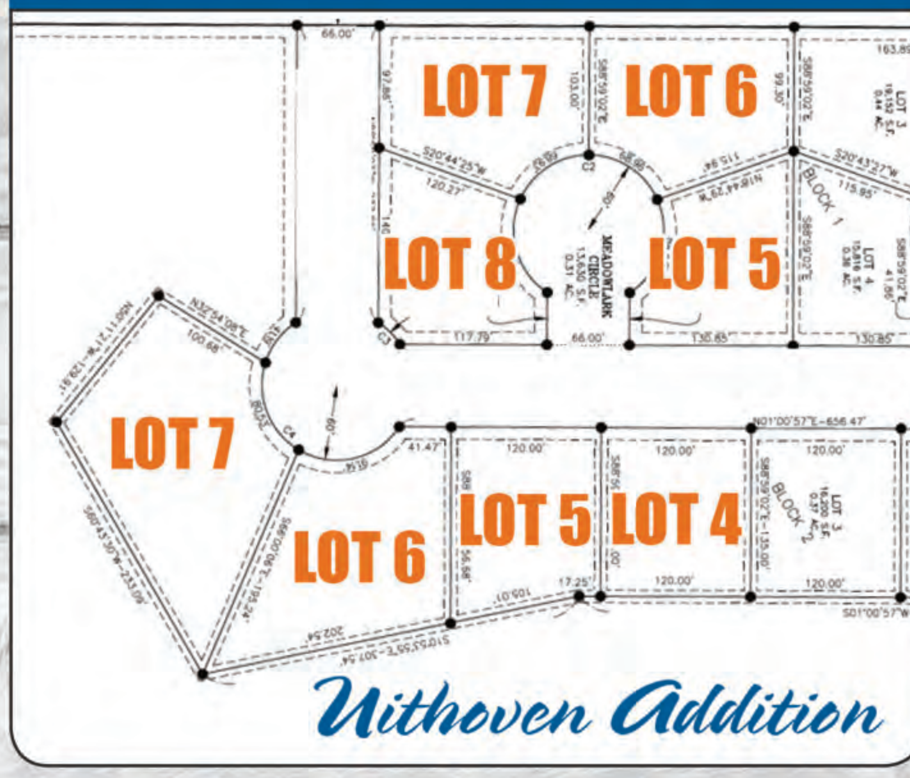

One Twin Home Still Available in Round Wind Estates

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