

VOL. 8, NO. 2



FEBRUARY 2008

KENTUCKY

F A R M B U R E A U N E W S



AFBF annual meeting

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Ag plan released

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2008 State Priority Issues

HEALTH CARE

- Support changes in Kentucky's health insurance laws that will stabilize the market, encourage competition, and increase consumer choice.
- Associations should be able to provide adequate health insurance. We oppose any action that would impede that ability.

INVESTMENTS FOR AGRICULTURE

- Maintain allocating 50% of the Master Settlement Agreement funds to the Agricultural Development Board.
- Support Ag Development Funds being spent for improving net farm income of farmers in production agriculture.

BUDGET

- Support funding the renovation and improvement of the FFA Leadership Training Center.
- Support incentives for additional Large Animal Veterinary opportunities.
- Restore funding for renovation and expansion of the University of Kentucky Livestock Disease Diagnostic Center and the Murray State University Breathitt Veterinary Center.
- Restore funding for the EKU/UK Dairy Merger Project.
- Support continued funding of the Soil Erosion & Water Quality Cost-Share Program.
- Restore funding for agriculture through the General Fund rather than using Tobacco Settlement Funds to fund all existing agriculture initiatives and programs.
- Support the debt service for state projects being taken from the General Fund rather than from the Agricultural Development Fund.

- Recommend sufficient funding be made available to maintain a strong grain elevator inspection program for the protection of farmers.
- Protect the farmer-financed Grain Insurance Program.
- Support funding for the Kentucky Agricultural Heritage Center

TAXATION

- Support the current provisions of House Bill 44 (KRS 132.010). Revenue from property taxes should continue to be limited to 4% plus new growth. Proposals to exceed 4% should automatically go to the voters.
- Oppose any further increases in the excise tax on tobacco products.

WILDLIFE MANAGEMENT

- Support effective wildlife management that will reduce the wildlife population in an effort to alleviate continued crop and livestock losses, automobile accidents, human injuries, and loss of life.

TRANSPORTATION

- Support the rural secondary and county road aid programs and continuation of the 22.2% allocation of the state gasoline tax revenue for rural roads.

PRIVATE PROPERTY RIGHTS

- Protect the rights of Kentucky's landowners when dealing with regional planning issues, eminent domain laws, or smart growth initiatives.
- Support increased enforcement and penalties for trespassing with ATVs.

ENVIRONMENTAL & NATURAL RESOURCES

- The Agriculture Water Quality Authority should be given direct oversight and approval authority of any state environmental regulations and/or permit programs potentially affecting agricultural operations.
- Limit local government's ability to implement agricultural regulations that are more stringent than state regulations.
- Support increased emphasis on forest and timber industry issues.

AGRICULTURE RESEARCH AND EDUCATION

- Support an adequate and equitable level of funding be permanently established for all areas of career and technical education.
- Encourage enhancement of agricultural research and education facilities at the Princeton, Eden Shale, and Robinson Stations. We encourage greater cooperation and efficiencies among all universities on agricultural issues.

ENERGY

- Encourage the expanded use of renewable fuels and recommend tax incentives to increase production and utilization.
- Support implementation of the state energy policy that promotes renewable fuels and protects our current low cost electricity rates.

FOOD QUALITY & SAFETY

- Support the accurate labeling of all food products and oppose all misleading, confusing and inaccurate labeling for the benefit of all consumers.

“COMMENT”

Politics is never an easy game. Those directly involved know that to get something accomplished in Washington you need to roll up your sleeves and settle in for the long haul. In light of this, farmers appreciate the effort the House went to early last year to pass its version of the farm bill. The Senate, in the 12th hour, also passed a bill. But we are now moving into the New Year and the farm bill is still not complete.

Farmers and ranchers want Congress and the president to pass and sign the farm bill without further delay. After all the posturing, bantering and politicking, it's time to just get it done.

After a great amount of deliberation, both bodies of Congress — representing the wishes of the American populace — have passed farm bill legislation. Immediate conference and passage of an agreement continues to be the highest legislative priority for Farm Bureau members.

Farmers and ranchers already have had to plant 2008 crops or are well into the process of making production decisions for the upcoming growing season — all without a farm bill in place to guide them. Further delay in determining the structure of future farm programs will only add to the confusion and uncertainty farmers already are experiencing.

While we wait for legislation to be completed, federal spending on commodity programs continues to significantly fall from the levels authorized under the previous farm bill. Further, farmers and ranchers are trying to meet substantial new needs in the areas of rural development, renewable energy and conservation without the additional resources that would be provided in a new bill.

Expanded programs aimed at the fruit and vegetable sector for research, trade and nutrition are also locked up in the congressional bills. The same can be said for vital conservation programs of importance to livestock producers.

The word extension continues to roll off the tongues of some folks who don't understand the severity of the situation. It's a little too late in the game and nonsensical to chuck all that's been done in crafting both pieces of farm legislation and go off on a new path.

An extension of the current farm bill will not provide important, long-term certainty that is critical. It would only further erode the budget for farm programs, making it even more difficult in the future to write a bill with a meaningful safety net.

Extension is not the answer. Nor is it a solution to continue to sit on viable, well-thought-out, already-crafted legislation. America's farmers and ranchers are urging the House and Senate to come to agreement on a final piece of legislation and the president to sign it into law. We can't afford to play politics any longer.

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Kentucky Farm Bureau is a voluntary organization of farm families and their allies dedicated to serving as the voice of agriculture by identifying problems, developing solutions and taking actions which will improve net farm income, achieve better economic opportunities and enhance the quality of life for all.

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Bob Stallman

PRESIDENT
AFBF

ON THE COVER:

A FARM SCENE IN MERCER COUNTY.
PHOTO BY ROGER NESBITT

KFB garners maximum awards



KFB PRESIDENT MARSHALL COYLE (RIGHT) ACCEPTED THE ORGANIZATION'S AWARDS FROM RETIRING AFBF VICE PRESIDENT STEVE APPEL. THOUSANDS OF FARM BUREAU MEMBERS FROM THROUGHOUT THE NATION ATTENDED THE AWARDS CEREMONY AT THE CONVENTION CENTER IN NEW ORLEANS.

KFB was among 15 states receiving the maximum number of awards for program excellence during last month's 89th AFBF Annual Meeting in New Orleans. KFB was cited for outstanding work in policy implementation, public relations and information, member services, leadership development and agriculture education and promotion.

The organization also received recognition for topping all states in membership growth for 2007. KFB's membership grew by 9,371 last year, for a total of 462,494. Only Tennessee and North Carolina have more members.

KFB President Marshall Coyle, who was re-elected to the AFBF Board of Directors, said the awards "confirm what I've been saying for years – that we have a top-notch staff and an effective program of work."

The Bath County farmer said he was especially pleased with the recognition for leadership development and ag promotion because "we've stepped up those

programs in recent years in response to the concerns of our members."

The membership growth accomplishment, added Coyle, "should be a source of pride for the entire Kentucky Farm Bureau family. It's a very significant accomplishment to lead all of the states in that category."

In other annual meeting highlights, Jay McElwain of Muhlenberg County competed in the Discussion Meet, Ryan and Brooke White of Union County were in the Outstanding Young Farm Family event, Kirby Hancock of Adair County was in the Excellence in Agriculture competition, four Kentucky farmers (Mike Bach of Bath County, Joe Paul Mattingly of Marion County, Terry Osborne of Greenup County and Matthew Castlen of Daviess County) had their innovative ideas on display at the trade show and Boyle County's Terry Gilbert presided over the women's committee sessions as chairperson of that group.

KFB had 24 voting delegates to represent the organization on matters of policy and leadership selection. They were President Marshall Coyle, Vice Presidents Mark Haney and John Hendricks plus directors Frieda Heath, Ryan Bivens, Randall Heath, Tripp Furches, Steve Bolinger, J. Fritz Giesecke, Larry Thomas, Pat Henderson, Russell Poore, Paul Hornback, Scott Travis, David Chappell, Terry Rowlett, Kim McCoy, Terry Gilbert, David Campbell, Alex Barnett, David McGlone, Charlie Bengé, Bige Hensley and Kelly Thurman.

AFBF women will focus on leadership development

AFBF's Women's Leadership Committee Chairperson Terry Gilbert of Kentucky said the group would concentrate on leadership development in 2008, with special emphasis on greater involvement in the political process. Mrs. Gilbert addressed her fellow state Farm Bureau Women's Leadership Committee leaders and members at a business session during the annual meeting.

In addition to developing their leadership skills, Mrs. Gilbert encouraged members to become more involved in the legislative arena by lobbying elected officials at all levels of government on issues that are important to farmers and ranchers.

"Speaking out honestly and personally about the challenges you face makes all the difference when meeting legislators and other influences, many of whom do not have firsthand knowledge of farming and ranching," she said.

In 2007, program activities for the committee included awarding five scholarships for teachers to attend the National Ag in the Classroom Conference through the White-Reinhardt Fund for Education. The committee also awarded 28 grants to county and state Farm Bureaus to create or extend agricultural literacy.

Delegates call for action on farm bill

Delegates at the AFBF annual meeting unanimously approved a sense of the delegate body resolution in favor of swift enactment of a new, comprehensive farm bill that maintains an adequate safety net for farmers and ranchers.

Delegates expressed opposition to a one- or two-year extension of the current law because it fails to provide meaningful, long-term economic certainty.

"Farm Bureau members unanimously agreed that a one- or two-year extension of the farm bill only makes it more difficult to write a bill in the future," said AFBF President Bob Stallman. "The delegate body also strongly expressed support for President Bush to sign the farm bill into law once the House-Senate conference is completed."

Delegates also reaffirmed support for comprehensive immigration reform

that will improve farmers' timely access to legal farm workers.

Regarding international trade, delegates

reaffirmed existing policy on the importance of opening new markets and expanding existing markets for U.S. farm products. They also voted to strengthen the organization's position that the Clean Water Act does not override the rights of states in regulating water.

"Once again, farmers and ranchers from all across the country, who raise a range of crops and livestock, have come together to decide what is best for U.S. agriculture overall," said Stallman. "We will work vigorously with members of Congress and federal agencies to advance these policies on behalf of our farmer members."

The annual meeting involved deliberations by 368 voting delegates representing every state and commodity. Kentucky had 24 delegates.



ABOVE: KFB DIRECTORS KIM MCCOY AND STEVE BOLINGER WERE AMONG THE ORGANIZATION'S 24 DELEGATES. MCCOY IS FROM CUMBERLAND COUNTY AND BOLINGER IS FROM CHRISTIAN COUNTY.

RIGHT: FROM LEFT, KFB LEADERS MARSHALL COYLE, MARK HANEY, JOHN HENDRICKS AND TERRY GILBERT AT THE BUSINESS SESSION.



Stallman touts farm bill

The farm bills approved by both houses of Congress provide the kind of programs America's farmers want, AFBF President Bob Stallman said during his address at the annual meeting.

"Our members have made it clear they support a continuation of the three-legged safety net of direct support, counter-cyclical payments and marketing loans," said Stallman. "This is what we heard – loud and abundantly clear – and this is what our policy supports."

Now is the time for action on the legislation, which also includes increased funding for conservation

programs and new money for research, trade, nutrition, and marketing for fruits and vegetables, Stallman explained.

Delivering his eighth annual address as president of the nation's largest farm group, Stallman said Farm Bureau continues to support timely action on immigration reform as well.

He noted, "Up to \$9 billion in agricultural production and the nation's food security is at risk if immigration laws are not reformed. Either we can make it possible for temporary foreign workers to help us grow food in the U.S. or they

Regarding international trade, Stallman said securing a solid agreement for agriculture in the global trade talks is essential. "We will not settle for just any agreement," he said.

"Trade talks are like the family



JAY McELWAIN OF MUHLENBERG COUNTY (LEFT) ADVANCED TO THE "SWEET 16" OF THE DISCUSSION MEET. HERE HE COMPETES IN THAT ROUND.

will stay in their country and grow food for the U.S."

"Many inside and outside of Congress say immigration reform is too controversial to touch in an election year, but American agriculture has waited years for a solution to our workforce challenges," he said.

potluck dinner," he said. "Other countries should not expect a meal if they don't bring something to the table. There will be no more free lunches"

Noting the recently approved U.S.-Peru free trade agreement was a victory for agriculture, Stallman said Farm Bureau will continue to push for similar agreements with Colombia, Panama and South Korea, once the beef issue is resolved. Korea has imported little beef from the U.S. under its restrictive import regime.

Stallman also outlined Farm Bureau's work in the legal arena, including a challenge to the Environmental Protection Agency's regulation of dust on farms and efforts to defend private property rights. In addition, he highlighted a new initiative to "preserve our social license to raise animals for food" and assure consumers about the safety of the nation's food supply.



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Officials predict expanded trade for U.S. livestock industry

Livestock producers may not feel they are prospering to the same extent as farmers who raise corn and soybeans, but they should remain optimistic that better times are ahead, according to agricultural trade experts.

Speaking at the AFBF convention, former Chief Agricultural Negotiator Richard Crowder, now a senior adviser to U.S. Trade Representative Susan C. Schwab, and economist Erin Daley of the U.S. Meat Export Federation said they believe key markets for U.S. beef and pork will re-open later this year.

"You can't script trade negotiations," Crowder said, but he said he believes South Korea will resume imports of U.S. beef. He said a new administration is taking office in South Korea, and resumption of the U.S.-Korea beef trade is approaching.

Crowder and Daley agreed that an increase in the number of middle-class consumers overseas will translate into more individuals who can afford meat, especially higher-quality cuts. Further, the weak value of the U.S. dollar makes

it easier for foreign countries to purchase U.S.-produced meat and other products.

Daley said global consumption of red meat is up by nearly 400 percent in recent years, and solid market growth is possible in Mexico, Russia, China, Japan and elsewhere in the years ahead.

But there is no question challenges remain, both Crowder and Daley said. High tariffs and non-science-based barriers, such as zero-tolerance levels of salmonella, are significant obstacles at this time. Crowder said it is essential for tariffs and quotas to be reduced or eliminated so U.S. agricultural producers have opportunities to build business abroad.

Meanwhile, Crowder said he is greatly concerned by growing skepticism about the benefits of trade on the part of U.S. consumers.

"The importance of trade to agriculture in general, and to livestock in particular, cannot be overstated," Crowder said. Future growth in U.S. agriculture will depend on exports, he emphasized.

To reap greater benefits from trade, Crowder said pending free trade agree-

ments should be approved by Congress, the Doha Round of World Trade Organization negotiations should be completed and questions related to bovine spongiform encephalopathy, among other trade-related issues, should be resolved.

In addition, Crowder suggested the agricultural community consider establishing defined, consistent objectives and setting priorities for agricultural negotiators to keep in mind during meetings with their foreign counterparts. He also said clear, consistent, ongoing communications efforts between private entities and individuals, as well as governments, would help the negotiating process.

Further, Daley noted that foreign competitors are facing as many challenges as U.S. producers when it comes to competing in today's global business environment. Ongoing animal disease issues in China and drought in Australia were among the examples she cited.

Workshop examines "animal welfare" issue

Charlie Arnot, CEO of the Center for Food Integrity, told annual meeting attendees that "consumers consider farmers responsible for the humane treatment of farm animals." Arnot shared the podium with Alan Foutz, president of Colorado Farm Bureau, and Don Lipton, AFBF director of public relations.

Foutz noted the agriculture industry in Colorado has been working to engage the public on the issue of animal welfare. He stated that Farm Bureau members in Colorado have expressed concern; however, not all agricultural groups in that state are aligned.

He said activist groups want Colorado to be the next state to pass legislation codifying their version of the humane treatment of pigs, laying hens and veal calves.

Foutz said the mission of the initiative in Colorado is to preserve farmers'

social license to raise animals for food.

Lipton told members of the audience that if they went out on a typical American street and intercepted people, asking what are the biggest problems facing the U.S. today, they wouldn't mention the treatment of farm animals.

"It is not a major top-of-mind issue," he said. "But when you put the issue into an initiative or referendum, people will be in favor of it, if it talks about a requirement to treat animals humanely. To most people, the humane treatment of animals has ethical and moral value. We have an opportunity to show them that we understand and are concerned about the issue, and that we are taking steps to ensure farm animals are treated properly. The real challenge is how and where and when we are going to do that."

Arnot added, "Americans know very little about where their food comes

from and what they want is 'permission to believe' that what we are doing is consistent with their values and ethics."

Arnot said it is not science, technical capacity or ability that drives trust. Instead, it is whether consumers believe we share their ethics and values. Arnot asked, "Are we committed to those? Are we committed to doing the right thing?" The most important job ahead, according to Arnot, is to communicate in a way that helps people have trust in what we say and do.

Many food stores and food retailers have announced implementation of third-party verification measures to ensure the animals from which food products are derived were treated humanely. Arnot said customers will demand third-party verification and if it doesn't exist, the store providing the food is not going to be credible with the public.



DROUGHT TOOK A TOLL ON LANDSCAPE PLANTS

BY AIMEE NIELSON
UK COLLEGE OF AGRICULTURE

The effects of the 2007 drought are widespread and landscape plant diseases are yet another area Kentuckians should pay close attention to as they prepare gardens for spring.

Many home gardeners and landscapers may be familiar with leaf scorch symptoms associated with dry weather. During the 2007 drought, leaves of drought-stressed plants, while wilting, closed their stomata which

reduced their rate of photosynthesis.

"Reduced photosynthesis may not kill a tree or shrub," said John Hartman, UK College of Agriculture extension plant pathologist. "But, it does mean the plant makes and stores fewer carbohydrates for future use. Thus, many landscape plants are low on energy reserves, especially seedlings and recently transplanted trees and shrubs, because they lack extensive root systems."

Because their energy reserves are low, many landscape trees and shrubs are at risk of contracting fungal diseases, and Hartman said some fungal diseases of landscape trees and shrubs often don't show symptoms until the season following the drought, so the upcoming season is one to closely monitor.

"It's possible that the stress condition interferes with the plant's defense against such pathogens, or possibly, the reduced carbohydrate reserves allow the plant little energy to fight invasion by pathogens," he said.

Hartman said to expect certain fungi such as oak pathogen *Hypoxylon* and *Armillaria*, which attack woody plants, to appear this year, due to last year's drought conditions. Diseases caused by other fungi will also appear including, but not limited to:

- **Thyronectria** – cause of honey locust canker
- **Cytospora or Valsa** – causes canker on prunus, poplar, willow, maple, spruce and other conifers;
- **Sphaeropsis** – causes pine tip blight;
- **Botryosphaeria and Nectria** – causes cankers on many woody plants such as rhododendrons, crabapples, dogwoods, maples and others.

Some woody plants may have sacrificed their surface roots to the drought

when trying to search for water, relying on deeper roots to sustain life.

"With the return of excessive rain, like what Kentucky experienced in December last year, partial flooding could render the deeper roots more prone to diseases," Hartman said. "That could leave the woody plants with few functional roots. So, we can expect additional woody plant death."

Hartman did say that the drought could have one possible benefit to landscape plants – reduced instance of foliar diseases. However, that benefit may be short-lived if spring weather is wet and rapidly repeating cycles of these diseases occur.

"Also, cedar rust infections may be reduced in future years due to the drought," he added.

Perennial flowers and ground covers, like their woody counterparts, could have reduced energy reserves due to the drought. Hartman said that could make them more vulnerable to cankers and root, corm or bulb rot diseases.

"Gardeners who watered regularly during the drought will be rewarded with healthier plants this year," Hartman said.



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TURNING A NEW LEAF?

Dark tobacco has become more promising than burley

BY LAURA SKILLMAN
UK COLLEGE OF AGRICULTURE

Kentuckians once looked to burley as the tobacco crop to bank on, but today that has shifted to dark tobacco. Dark air- and fire-cured tobacco crops are traditional crops of western areas of the state.

High fertilizer costs, high and somewhat uncertain labor, opportunities outside tobacco and less than stellar production contracts may make it hard for burley production in 2008 to reach the level of 2007, said Will Snell, an agricultural economist with the UK College of Agriculture.

"Even though it appears we have opportunities to expand burley use, it's pretty tough to get a lot of excitement out there right now," he said.

Since the tobacco buyout, exports and domestic use of burley combined for about 300 million pounds while production has been about 200 million pounds. Companies have been relying on their inventories to make up the difference. Snell said there's going to come a time when inventories are going to be tight and companies say they need more tobacco, but prices so far are not encouraging more production.

Snell said he does not expect to see any increase in burley acres in 2008 and some growers may opt out. His views were reflected in a show of

hands during the Western Kentucky Tobacco Expo at Murray. Many of the farmers say they will reduce or quit growing burley and concentrate on their dark tobacco production.

Burley acres have been increasing in western Kentucky since the federal tobacco buyout while acreage has been declining in east and central areas of the state. Burley production dropped substantially following the federal buyout but had leveled off in the past couple years.

With strong dark tobacco, corn, soybeans and wheat prices western Kentucky farmers may keep with these crops and not add more burley, he said.

"If they don't get the acres here, I don't think they are going to get the acres in central Kentucky," he said.

Dark tobacco is enjoying 20 years of ever increasing demand and prices that reflect demand. Prices for burley are likely to be around \$1.70

per pound in 2008 with incentives and assuming a good crop, while dark air-cured tobacco prices are closer to \$2.25 per pound and dark fire-cured at \$2.50 per pound.

Most dark tobacco is produced primarily in Kentucky and Tennessee, and production versus use is more stable than with burley. Snell said he expects dark tobacco acreage to increase 10 to 15 percent this year.

"It's a good situation," he noted. "There's growth in this industry. The companies have been loyal to you and there is money in growing this crop."

There's still a chance tobacco companies may increase prices and incentives for burley growers in the 2008 contacts as they've done once before. That could encourage growers to continue but it's no guarantee, Snell said.

Economics, he said, are going to play a major role in the future of tobacco production. Farmers have to be efficient with labor and more proficient with yield, especially in burley.

"It will be a struggle to maintain profits given the current price schedules and increasing costs of production," Snell said.



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Agriculture plan mirrors KFB policy

KFB priority issues are the centerpiece of a strategic plan for agriculture developed by a task force of about 50 officials from farm groups, government agencies and academia. The plan was presented to Governor Steve Beshear at a press conference last month held in conjunction with the annual Kentucky Press Association convention.

The five-year plan was developed last year following a series of meetings with farmers and farm officials throughout the state. KFB President Marshall Coyle was a task force member and several staff members were involved in the process.

The recommendations include reforming health insurance to enhance affordability and improve access for farm families, maintaining the level of funding for the state's agricultural

development initiative, recruiting more large animal veterinarians to the state, renovating the two livestock disease diagnostic labs, promoting biofuels and strengthening the marketing of Kentucky farm products.

The plan has a list of ten immediate needs followed by about 30 long-term objectives.

"Most are Kentucky Farm Bureau goals," Coyle said during his remarks at the news conference. He added that the objective is to "continue to strengthen and diversify agriculture."

Governor Beshear commended the task force for its work and voiced a commitment to continuing the progress made through the Kentucky Agriculture Development Board. He cautioned, however, that the state's severe budget problems would make it difficult to appropriate all of the necessary funds in the short term.

The task force report also recommends that the state stop using tobacco settlement funds to pay debt service for water and sewer projects. Rather, that obligation should come from the general fund, the report asserts.

Governor Beshear indicated that he agrees in principle that the fund should be solely devoted to agriculture projects.

Another task force recommendation calls for streamlining the environmental permitting process for production agriculture expansion projects and new facilities. In response to a reporter's question about the intent of that proposal, Coyle noted that some farmers have to wait long periods to obtain a final ruling on an application.

"I think the agriculture community would agree that protection of the public is vital," he said. "We are environmentalists."

Also speaking were Task Force Chairman Tony Brannon, who is head of the agriculture department at Murray State University; Agriculture Commissioner Richie Farmer and UK College of Agriculture Dean Scott Smith.

The plan also was presented to legislative leaders.

Selected Task Force Goals

- Improve access to high-quality health care in rural areas.
- Make health care insurance costs more affordable for farm families.
- Upgrade the UK Livestock Disease Diagnostic Center and the Murray State University's Breathitt Veterinary Center.
- Address the shortage of large animal veterinarians.
- Develop policies and infrastructure to support Kentucky's biofuels industry.
- Streamline the environmental permitting process for production agriculture expansion projects and facilities.
- Assist rural communities in addressing the challenges associated with expansion of urban and suburban localities in rural areas.
- Promote region-specific ag economic development.
- Strengthen consumer marketing of locally-grown foods.
- Identify ag sectors/products that provide the greatest market opportunities.
- Increase access for farmers, consumers and institutional users to a supply of affordable renewable energy.
- Continue to support the state's "Kentucky Proud" marketing program.

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Forestry conference is February 20

Kentucky landowners, farmers, foresters, policymakers and others who have an interest in woodlands can learn more about alternative fuel sources, carbon markets, ecotourism and other issues at a state conference in Somerset.

Some of the leading experts in the field of forestry will be speaking at "Kentucky Woodlot\$: Capture the Value" conference February 20, at The Center for Rural Development. The conference, sponsored by 15 stakeholders, will explore the latest market trends on how to reach and "capture" the maximum value of America's forests and woodlands.

"This is the first time agriculture leaders and forest/woodland owners have met to discuss common issues and emerging opportunities in the industry," said Harvey Mitchell, director of agriculture outreach for The Center for Rural Development and one of the program moderators.

Organizers are expecting as many

as 800 participants because of its wide audience appeal and diverse program content. It is the only conference of its kind in Kentucky where agriculture leaders and forest/woodland owners will meet as a group to share information and talk about some of the alternative ways landowners can capitalize on expanding market opportunities.

"Many landowners will be surprised to learn the value of a wooded acre of land is more valuable today than ever before because of the focus on renewable energy," said Mitchell, who will be moderating a session on alternative fuels and ecosystems service markets. "The purpose of the conference is to discuss how landowners can 'capture' this new value and make it work for them."

Dr. Steve Bullard, chairman of the UK Department of Forestry, will serve as moderator of the morning session. The two-hour group session, which begins shortly after 10 a.m. and continues until lunch is served at noon, will feature speakers John Greis and Dr. Al Schuler,

both from the USDA Forest Service, and Dr. Michael Blazier, Louisiana State University. The presenters will address specific needs in Kentucky and in the Southern region, future of the timber-based markets and new opportunities for tomorrow's fuel in today's forest.

After lunch, participants will separate into smaller groups and attend two of three concurrent sessions: Capitalizing on Timber, Dr. Jeff Stringer, University of Kentucky Department of Forestry, moderator; Emerging Opportunities, Harvey Mitchell, moderator; or Alternative Woodland Uses, Mac Stone, division of value added plant production, Kentucky Department of Agriculture, moderator.

Some of the topics for discussion will include: growing and capitalizing on timber revenues; woodlot health and vigor; agroforestry, mixing traditional agriculture production and timber; alternative fuel sources, including biofuels and biopower; carbon marketing; ecotourism.

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VEGETABLE PRODUCTION RISING

Fresh market vegetable and melon production for the 24 crops estimated in 2007 totaled 494 million hundred-weight, up two percent from last year. Harvested area covered 1.94 million acres, virtually unchanged from 2006. Value of the 2007 crop is estimated at 10.9 billion dollars, up two percent from a year ago. The three largest crops, in terms of production, are onions, head lettuce, and watermelons, which combined to account for 38 percent of the total production. California continues to be the leading fresh market state, accounting for 46 percent of the harvested area, 50 percent of production, and 54 percent of the value.

FEEDLOT INVENTORY ALL-TIME HIGH

Cattle and calves on feed for slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 12.1 million head on January 1, 2008. The inventory was one percent above January 1, 2007 and is the highest January 1 inventory since the series began in 1996.

Placements in feedlots during December totaled 1.70 million, one percent below 2007 and 10 percent below 2006. Marketings of fed cattle during December totaled 1.65 million, one percent above 2007 but four percent below 2006. This is the second lowest fed cattle marketings for the month of December since the series began in 1996.

STATE SWINE NUMBERS ARE UP

There were 350,000 hogs and pigs on Kentucky farms on December 1, 2007, up 13 percent from a year ago, but five percent below December 1, 2005. Breeding inventory, at 35,000 head, was unchanged from last year, but down 12 percent from 2005. Market hog inventory, at 315,000 head, was 15 percent above December 1, 2006 but five percent below December 1, 2005. The 2007 Kentucky pig crop was 692,000 head, up two percent from the 2006 pig crop. Sows farrowing totaled 74,000 head, down 1,000 from 2006.

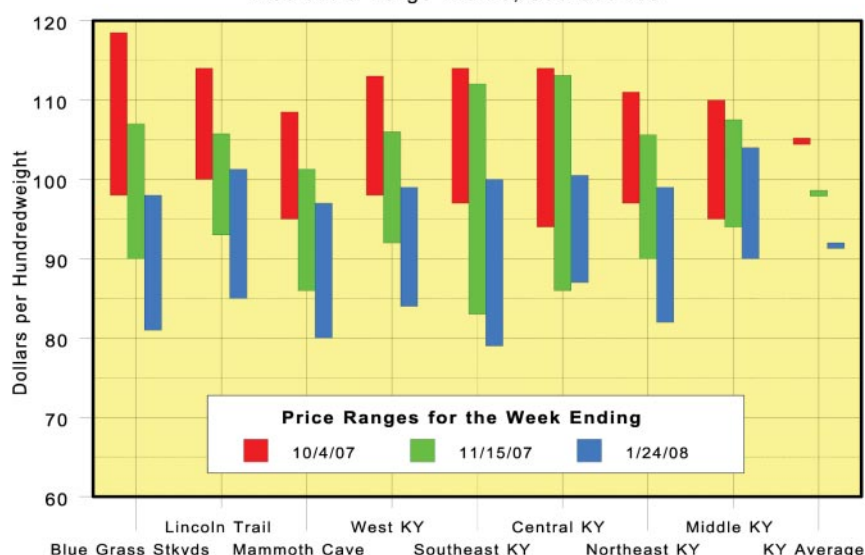
EGG PRICES INCREASE

Table-egg production in November was reported at 535 million dozen, down 1.3 percent from November 2006. With shell-egg production continuing to be below year-earlier levels, wholesale egg prices have been very high. A dozen Grade A large eggs in the New York wholesale market averaged \$1.41 in fourth quarter 2007, up 58 per-

cent from the same period in 2006. For 2007, prices averaged \$1.14 per dozen, 43 cents higher than the previous year. Prices moved higher throughout the fourth quarter, with prices averaging \$1.14 in October, \$1.49 in November, and \$1.60 in December. Although production is expected to gradually increase, shell egg prices through the first half of 2008 are expected to remain considerably higher than in 2007.

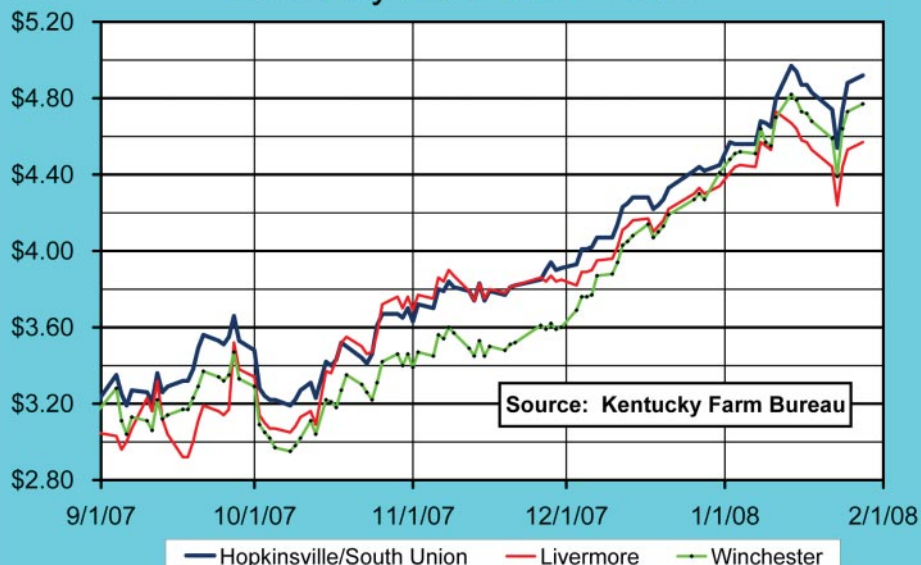
Kentucky Feeder Steer Price Ranges

Medium & Large Frame, 600-699 lbs



Source: Kentucky Livestock & Grain Market Report, KY Dept. of Agriculture

Kentucky Cash Corn Prices



Source: Kentucky Farm Bureau

Extruding potential

Lake Cumberland Milling is moving forward

FROM KCARD

Editor's Note: KFB is among the KCARD cooperators. KFB First Vice President Mark Haney serves on the KCARD board.

Lake Cumberland Milling (LCM) in Monticello is an example of a business merger that provides a dynamic challenge and good potential.

The idea for LCM began around 2001 when a group of Wayne County farmers developed a proposal for a soybean extrusion plant to produce meal, hulls, and oil for local use. As the company began looking for funding sources and locations to build the plant, the opportunity arose to purchase an existing feed mill in the county. The owners decided to expand beyond their original idea and purchased the existing feed mill and elevator business.

LCM took over operation of the feed mill and grain elevator in 2004, in conjunction with the approval of \$1 million in Agricultural Development Funds, as a loan, for the construction of the soybean extrusion plant.

The opening of the soybean extrusion plant in 2005 was the final key to establishing the three-prong business structure that exists today at LCM: the farm/feed store, the grain elevator operation, and the soybean extrusion plant.

As with any business, LCM has faced obstacles from both the financial and development sides. On the development side, the company faced several technical and operational obstacles in the establishment of the soybean extrusion plant.

"We probably weren't to the point of running 80 percent until about a year after the plant was completed," explained general manager J.D. Mullins. "It was a challenge at times with the machinery; we would get one problem fixed and then another would come up. It was a lot to learn."

At current production levels, Mullins says that the soybean extrusion side of LCM is purchasing beans from farmers in about seven counties.

While, LCM isn't able to compete with the prices paid by larger operations, it does pay a premium over what the feed mill used to offer producers. Plus, producers save on the cost of transporting their beans to markets in the western part of the state.

As for products produced within the soybean extrusion side of the business, Mullins says it is the hulls that are flying out the door this year.

"A lot of people were of the belief that the beef farmers in the area would buy the meal for the extra energy," said Mullins. "In reality though, they want a cheaper product, like the hulls, and it is area dairies that are the main market for the meal. We just need more of them (dairies)."

The owners of LCM did not make significant changes to the daily operations at the feed store and elevator when they took over the businesses.

When Mullins came on board as the manager of LCM last summer, he began evaluating the direction the business. He soon realized that he needed more than just the monthly or yearly statements to know where the business stood financially.

"You get used to seeing something in the same place day after day, or doing something the same way every day, and then you get to where you don't even see it at all," said Mullins. "I've seen this from both sides of the counter and realize the need of an outside person or group come in to help re-evaluate a situation."

In the early development, the owners turned to KCARD for business assistance with the initial feasibility analysis. In the fall of 2006, KCARD became reengaged with LCM when the group began the task of updating their business plan.

DISTRICT MEETINGS SET FOR MARCH

Public affairs work, good food and fellowship are on the agenda for spring district meetings scheduled during March. The series of 11 meetings throughout the state are designed to give county Farm Bureaus some ideas for working effectively with public officials, as well as to provide an update on the legislative scene on the state and national levels.

KFB's Public Affairs Division will be conducting the meetings, focusing on how county leaders can effectively conduct "measure-the-candidate" meetings and other events to forge ties with public officials. Contact your county office secretary for reservations.

The schedule (all times are local):

District 1	March 10	7 p.m.	McCracken County FB Office
District 2	March 3	6:30 p.m.	County Cupboard, Madisonville
District 3	March 18	6:30 p.m.	Rough River State Park Lodge
District 4	March 25	6:30 p.m.	Barren River State Park Lodge
District 5	March 20	7 p.m.	Bullitt County Extension Office
District 6	March 26	7 p.m.	Marion County Fairgrounds- Floral Hall
District 7	March 11	6 p.m.	Lake Cumberland State Park Lodge
District 8	March 3	7 p.m.	Madison County Fairgrounds
District 9	March 12	6:30 p.m.	Blue Lick State Park Lodge
District 10	March 24	6:30 p.m.	Grayson Conference Center
District 11	March 17	6:30 p.m.	Shiloh Roadhouse, London

FARM FILE



FARM CREDIT SERVICES OFFERING SCHOLARSHIPS

Farm Credit Services of Mid-America is offering \$36,000 in scholarships this year to children of members who are studying agriculture or business at four-year universities. Eighteen scholarships – valued at \$2,000 each – will be awarded based on academic record, leadership qualities, and community involvement.

“We can think of no better way to invest in our future than through providing scholarships to deserving students choosing to pursue careers in agriculture, financing or ag business,” said Bob Barton, chair of the Farm Credit board.

Through an initiative endorsed by the Farm Credit board last year, the scholarships are part of the cooperative’s new stewardship program which involves returning greater value to rural America by increasing the association’s investment in education and youth activities.

The scholarships are available to members, their dependents and spouses of the ag lending cooperative. The application deadline is February 29. Scholarships will be awarded in May for the 2008/09 school year. To apply, go online to www.e-farm-credit.com and click on “Community Support” to download the application. Or call 1-800-444-3276 to talk to the closest office about obtaining an application.

KDDC SEEKS DIRECTOR

The Kentucky Dairy Development Council is accepting applications for its executive director to replace Roger Thomas, who is now head of the Governor’s Office of Agricultural Policy. KDDC was established by state law several years ago to represent the interests of the dairy industry in Kentucky. The executive director oversees all operations and serves as a spokesperson for the organization. The position reports to a board of directors.

To apply, send resume and letter to kddc@kydairy.org or mail to KDDC, 176 Pasadena Drive, Lexington, Ky., 40503.

MARKETING CONFERENCE IS FEBRUARY 19-20

The 6th Annual Ohio River Valley Farm Marketing Conference will be held February 19-20 at the Roberts Convention Center in Wilmington, Ohio. Registration is \$50 for two days and \$40 for one day.

The conference was developed for producers involved in all types of direct marketing who are looking for new or additional marketing strategies. Participants will experience a variety of presentations, workshops, and discussions, focused on directly marketing agricultural products to the consumer. The event has become popular with participants in KFB’s Certified Roadside Farm Markets program.

This year, three breakout sessions are being offered on the following topics: “Local Food Trends;” “Marketing

Your Product;” and “Meat Product Marketing.”

Additionally, there will be a trade show for participants to network and gather useful information.

The conference will open with the “Taste of Regional Cuisine” reception where a sampling of products produced in the tri-state area will be provided with producers and food purveyors available to discuss the elements of a successful buying arrangement.

For questions or more information, contact Sandy Gardner at (502) 495-5106 or sgardner@kyfb.com.

To register or for a complete agenda, visit the conference website at <http://directmarketing.osu.edu/orvfmc/> or contact Joy Bauman at (740) 289-2071 ext. 111 or jbauman@ag.osu.edu.

POSTER AND ESSAY CONTEST UNDERWAY

Kentucky schoolchildren will learn “How the Kentucky Department of Agriculture Works for Me” when they participate in the KDA’s 2008 Poster and Essay Contest.

Students in kindergarten through eighth grade are eligible to enter a poster, an essay or both on the subject of the many services the Department provides to Kentucky’s citizens. Statewide winners in each grade will be awarded a \$100 savings bond and will be honored at the annual Kentucky Agriculture Day luncheon in March in Frankfort.

Poster contest entries must be in color on white paper, must demonstrate the theme and must include the theme in the artwork. Entries should be submitted rolled in a tube or wrapped flat. Essay

contest entries must be no more than 150 words for participants in kindergarten through third grade and no more than 250 words for those in fourth through eighth grades.

Entries must be mailed to Kentucky Department of Agriculture, Poster and Essay Contest, 500 Mero Street, 7th Floor, Frankfort, KY 40601. Entries must be postmarked no later than February 22. Winners in each grade will be notified by March 10.

For complete contest rules, an entry form or more information, go to the Kentucky Department of Agriculture’s Web Site, www.kyagr.com, click on “Education Resources” under the “Programs” menu, click on “Agriculture Education” and click on “2008 Poster & Essay Contest.”

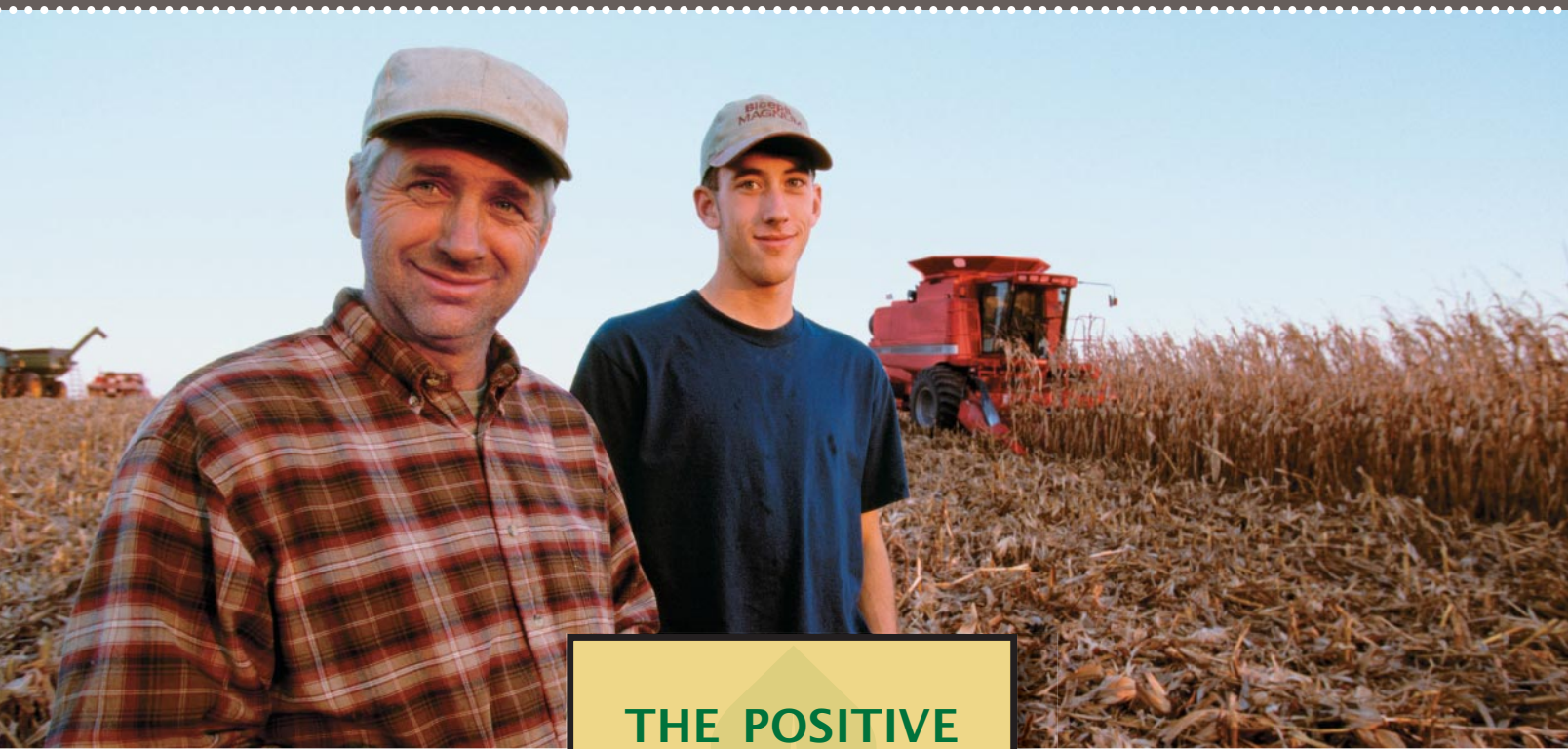
AGRITOURISM WEB SITE TO BE UNVEILED

The new Web site for farm-based tourist destinations in Kentucky will be unveiled at the 2008 Kentucky Agritourism Summit February 21 at the Center for Rural Development in Somerset.

“The new ‘Kentucky Farms are Fun’ Web site will enable Kentucky agritourism operators to market their attractions quickly and efficiently,” Agriculture Commissioner Richie Farmer said. “Tourists from near and far will be able to find Kentucky farm destinations that the whole family will enjoy.”

Also at the summit, farm destination operators can get valuable tips for business planning, insurance, signage, using “MarketMaker: Kentucky” and Kentucky Proud as marketing tools, and utilizing the media to promote their farms. The owners of four successful Kentucky agritourism businesses will lead a panel discussion.

For more information, contact Stephen Yates, agritourism director for the Kentucky Department of Agriculture, by phone at (502) 564-4983 or by e-mail at stephenp.yates@ky.gov.



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