



# TEXAS CATTLE FEEDERS ASSOCIATION

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# NEWSLETTER

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## **USDA Extends Comment Period on Brazilian Beef Import Rule**

Back in December, the USDA Animal and Plant Health Inspection Service (APHIS) issued a proposed rule to allow beef imports from 14 states in Brazil. The proposal brought a wealth of mixed reactions and concern from producers, and as a result, TCFA and NCBA asked for an extension of the comment period to thoroughly review the implications the rule. APHIS obliged, and the new comment deadline is April 22, 2014.

“This rule has major implications, not only on our relationships with trading partners, but also in relation to foreign animal disease management within this country,” said Colin Woodall, NCBA vice president of government affairs. “We need to make sure we know all the facts, we have all the data that USDA has used in formulating this proposed rule, and make sure we can adequately prepare comments that help us make the best decision on how we protect our domestic herd here in the United States.”

According to the USDA, the proposed rule would allow the importation of chilled or frozen beef while continuing to protect the U.S. from an introduction of foot-and-mouth disease (FMD). However, there is concern stemming largely from whether or not Brazil is willing to put the protocols in place and has the means to enforce those protocols to ensure FMD is never introduced into the United States.

“We believe in the World Organization for Animal Health, we believe in taking down trade barriers, and we believe in making sure we have the opportunity for as much trade as possible,” said Woodall. “But, we need to make sure we’re doing that without putting our own domestic herd at risk. No amount of trade is worth that. Over the next 60 days, we will be putting our questions and concerns into our comments in hopes that USDA will slow this process down and ensure those issues are addressed.”

TCFA and NCBA will engage scientific experts to independently review the proposed rule, which is available at <http://tinyurl.com/import-beef-brazil>, and the APHIS risk assessment.

## **Beef Checkoff Launches Online Community for Popular Training Program**

For nearly a decade, foodservice and retail professionals have relied on beef checkoff training tools to educate staff on how beef is brought to market, from farm to fork. Now, the beef checkoff is bringing its popular training program, called Beef University, to a web-based platform.

Beef University educates retailers and foodservice operators on all facets of beef from production and product quality to marketing and merchandising. Downloadable tools include PowerPoint presentations, fact sheets and videos; all of which can be used for self-directed education or part of a customized training session facilitated by beef checkoff staff or utilized within a company’s training program.

Explore the fully-customizable and free resources, and become a member of the Beef U online community at [www.BeefRetail.org/BeefUniversity.aspx](http://www.BeefRetail.org/BeefUniversity.aspx) or [www.BeefFoodservice.com/BeefUniversity.aspx](http://www.BeefFoodservice.com/BeefUniversity.aspx).

## **TCFA Dues Rebate Criteria and Forms Available**

If you fed 10,000 head or more in 2013 at a TCFA member feedyard, you may apply for a dues rebate. The rebate applies to the cumulative number of cattle fed by a single feeding entity. Rebate applications must be completed and returned to the TCFA office by April 15. To request an application, contact Kayla Lanford at [kayla@tcfa.org](mailto:kayla@tcfa.org) or (806) 358-3681.

## **Tax Reform Debate Kicks Off; No Action Expected Until 2015**

This week, House Ways and Means Chairman Dave Camp (R-Mich.) released a sweeping tax reform proposal called the Tax Reform Act of 2014. While the announcement will reinvigorate the debate about reforming the nation’s current tax code, don’t get your hopes up that anything will happen any time soon. It looks like true tax reform will probably be unachievable until next year due to partisan quarrels and the 2014 election season.

For the past year, TCFA and NCBA have been working with the leaders and staff of the House Ways & Means Committee and the Senate Finance Committee to create legislation that will bring the U.S. tax code into the 21<sup>st</sup> century without harming cattlemen and farmers. While many headlines will concentrate on the

reduction of income tax rates and the elimination of the dreaded Alternative Minimum Tax, TCFA and NCBA have been working on some specific provisions summarized below:

**Section 3301, Limitation on Use of Cash Method of Accounting:** Under the provision, businesses with average annual gross receipts of \$10 million or less may use the cash method of accounting; whereas businesses with more than \$10 million would be required to use accrual accounting. The provision would not apply to farming businesses, which would continue to be subject to current-law accounting rules. (TCFA and NCBA worked hard to bring attention to this issue and ensure that agricultural operations could continue to use cash basis accounting. The Senate proposal and previous iterations of this proposal would have applied the accrual method to all businesses, including agriculture, with gross receipts above \$10 million.)

**Section 3111, Expensing Certain Depreciable Business Assets for Small Business:** Under the provision, Code section 179 expensing would be made permanent at the 2008-2009 levels. Taxpayers would be able to expense up to \$250,000 of investments in new equipment and property per year, with the deduction phased out for investments exceeding \$800,000 (with both amounts indexed for inflation). The provision would also restore and make permanent rules allowing computer software and certain investments in real property to qualify for section 179 expensing...The provision would be effective for tax years beginning after 2013. (TCFA and NCBA support this provision but will work to increase the maximum expense amount. The Senate bill would allow taxpayers to expense up to \$1 million.)

**Section 3133, Repeal of Like-Kind Exchanges:** Under the provision, the special rule allowing deferral of gain on like-kind exchanges would be repealed. The provision would be effective for transfers after 2014. However, a like-kind exchange would be permitted if a written binding contract is entered on or before Dec. 31, 2014, and the exchange under the contract is completed before Jan. 1, 2017. (This provision is detrimental to agricultural operations and TCFA and NCBA are strongly opposed.)

**Other Sections to Note:** Section 1403, Charitable Contributions, Qualified Conservation Contributions; Section 3106, Net Operating Loss Deduction; Section 3109, Repeal of Deductions for Soil & Water Conservation Expenditures and Endangered Species Recovery Expenditures; Section 3115, Repeal of Deduction for Expenditures by Farmers for Fertilizer; Section 3220, Repeal of Agricultural Chemicals Security Credit; Section 3303, Certain Special Rules for Taxable Year of Inclusion; Section 3314, Repeal of Averaging of Farm Income.

The full legislative proposal and a section-by-section break-down are available for review at <http://tinyurl.com/stat-tax-reform> and <http://tinyurl.com/sect-by-sect>. TCFA will continue to evaluate the proposal and will convene a small group of tax professionals to provide detailed analysis of the proposal and its practical implications. TCFA will share these findings with Members of Congress.

### **USDA Projects Herd Rebuilding Through 2023**

"The livestock sector is slowly recovering from high feed prices and drought in the Southern Plains of the United States over the last few years. Improving returns have provided incentives for increased production in the livestock sector. As a result, total U.S. red meat and poultry production is projected to rise over the projection period, as is per capita consumption of red meat and poultry," say analysts with USDA's Economic Research Service in the recent USDA Agricultural Projections to 2023.

"Despite improved returns for cow-calf operators in 2013, low cow inventories will limit recovery from recent drought conditions for several years. Lower beef cow inventories and expected heifer retention are expected to lead to declines in beef production through 2016," reports *Cattle Current*.

Production then rises in the remainder of the projection period as returns support continued herd expansion. "Beef cow numbers rise from about 29 million head at the start of 2014 to over 33 million in 2022-23. The total cattle inventory drops below 88 million head at the start of 2014 before expanding to about 96 million in 2023. Rising slaughter weights also contribute to the longer term increases in beef production," the USDA report states. For more, go to <http://tinyurl.com/ag-projections-2023>.

### **Consumer Food Awareness Continues to Climb**

Consumers continued to report seeing more in the news about all food issues in February, according to the monthly food demand survey (FoodS) conducted by Oklahoma State University. FoodS is a consumer tracking survey that provides monthly insights on consumer awareness of food-related issues and how those could affect demand, with specific emphasis on meat.

Results from the February survey show that the largest increase in consumer awareness of food issues in the media was for cloning. Salmonella, E. coli and hormones remained the top three concerns when purchasing food, the survey reports. Find more at <http://tinyurl.com/consumer-food-awareness-climbs>.

## Scientist Says GMO Grains Safe to Feed to Cattle

The debate over genetically modified organisms (GMOs) is fraught with emotion and pseudo-science. But what does a real scientist say?

In short: Yep, They're Safe. Or so says Dr. Steven Novella, widely known as a scientific skeptic, though he's also a neurologist at Yale University, reports *Beef Today's Grazing the Net*. Scientific skepticism is the practice of questioning whether claims are supported by empirical research and have reproducibility. In short, Novella and those like him follow the science. And the science says GMOs are safe.

*Mother Jones* interviewed Novella to help sort out fact from fiction about GMOs. "Almost everything I hear about [industrial agriculture] is a myth," says Novella. GMOs, he continued, "is not the panacea, nor is it a menace; it's just one more tool that has to be used intelligently." So, is it OK to feed GMOs to food animals? "To date," says Novella, "the reviews conclude pretty universally that there's just no health risk."

To read more, go to <http://tinyurl.com/gmo-wont-harm-health>.

## USDA Reinstates Mid-Year Cattle Report

Following passage of its budget by the Consolidated Appropriations Act of 2014, the U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) will reinstate the agricultural estimates programs previously suspended due to sequestration. The reinstatements are for NASS' Fiscal Year 2014 annual appropriation. The July Cattle Report is among the reports that had been sequestered but will now be issued in 2014. The full calendar of NASS reports is available at [www.nass.usda.gov/Publications](http://www.nass.usda.gov/Publications).

## Senators Call for Japan to Eliminate Tariffs in TPP Talks

Senate lawmakers are calling on Japan to eliminate tariff and non-tariff trade barriers for U.S. agricultural products as part of the ongoing Trans-Pacific Partnership (TPP) trade talks.

The TPP is a regional negotiation that includes the United States, Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam, which account for nearly 40 percent of global GDP.

In a letter sent to U.S. Trade Representative Michael Froman, 17 senators, led by Michael Bennett (D-Colo.) and Charles Grassley (R-Iowa), asked for assurances that TPP negotiations will not be concluded until Japan agrees to eliminate tariff and non-tariff trade barriers for agricultural products. In addition to Bennett and Grassley, signing the letter were Sens. Roy Blunt (R-Mo.), Richard Burr (R-N.C.), John Cornyn (R-Texas), Joe Donnelly (D-Ind.), Kay Hagan (D-N.C.), Jim Inhofe (R-Okla.), Mike Johanns (R-Neb.), Mark Kirk (R-Ill.), Jerry Moran (R-Kan.), Rob Portman (R-Ohio), Mark Pryor (D-Ark.), Pat Roberts (R-Kan.), John Thune (R-S.D.), and Mark Udall (D-Colo.).

The senators pointed out in their letter that, if Japan is allowed to claim exceptions for sensitive products, other TPP countries inevitably will demand the right to do the same. That, they said, would cost U.S. jobs and billions of dollars in future U.S. agricultural exports and would undermine the TPP and future trade talks, including the ongoing Trans-Atlantic Trade and Investment Partnership negotiations between the United States and the European Union. To read more, go to <http://tinyurl.com/sen-japan-tpp-talks>.

## Highlights from Preliminary Release of 2012 Census of Agriculture

USDA last week released the preliminary 2012 Census of Agriculture results. Key findings include:

- The value of agricultural products sold in the U.S. totaling \$394.6 billion in 2012, up 33 percent (\$97.4 billion) from 2007. The number of farms and land in farms is down slightly but held steady. Additionally, agriculture is becoming more diverse.
- In 2012, crop sales of \$212.4 billion exceeded livestock sales of \$182.2 billion. This occurred for only the second time in Census history; the other time was 1974.
- Between 2007 and 2012, per farm average value of sales increased from \$134,807 to \$187,093, continuing a steady 30-year upward trend. The increase was the largest rise in Census history.
- The 2012 Census showed principal farm operators are becoming older and more diverse; following the trend of previous censuses. In 2012, the average age of a principal farm operator was 58.3 years, up 1.2 years since 2007, and continuing a 30-year trend of steady increase. The Census also accounted for more minority-operated farms in 2012 than in 2007.
- In 2012, the United States had 2.1 million farms, down 4.3 percent from the previous Census in 2007. In terms of farm size by acres, this continues an overall downward trend in mid-sized farms, while the smallest and largest size farms held steady.

- Between 2007 and 2012, the amount of land in farms in the U.S. continued a slow downward trend, declining from 922 million acres to 915 million, which is within the margin of error. This is only a decline of less than one percent and is the third smallest decline between censuses since 1950.

For more about the Census, visit [www.agcensus.usda.gov](http://www.agcensus.usda.gov).

### Imported Beef Important

Most imported beef coming into the U.S., especially from Australia, New Zealand, Uruguay and Central America, tends to be lean grinding beef. Traditionally, this supply has accounted for a significant portion of the overall U.S. lean grinding beef supply, especially for U.S. fast food operators. Different from retailers, who tend to prefer fresh lean grinding beef for their ground beef packages, foodservice operators have no problem using frozen lean beef, according to the *Daily Livestock Report (DLR)*.

Retailers are now much more reluctant to include imported grinding beef due to the excessive COOL regulations. Also, keep in mind that the removal of LFTB, which was an extra lean component, has further increased demand for domestic lean grinding beef and makes for a more explosive domestic lean beef market.

The wild card is what happens with foodservice demand once weather warms up in heavily populated areas and consumers start moving around more, the *DLR* economists say. Will imported beef be there to fill the gap? Maybe not as much as will be needed. Through the end of February, the supply of imported beef coming to the U.S. remains below year-ago levels, and it will likely track below last year at least through the first half of 2014. For more, go to <http://tinyurl.com/imported-beef-important>.

### Perini Ranch Steakhouse Honored by James Beard Foundation

Cowboy cook and rancher Tom Perini and his wife, Lisa, are one of only five recipients of the James Beard Foundation 2014 America's Classics Award, an honor given to restaurants that have timeless appeal and are beloved for quality food that reflects the character of their community.

Perini Ranch Steakhouse, located in Buffalo Gap, Texas, near Abilene, started in 1983 when Perini turned the hay barn on his family's ranch into a restaurant with grilled steaks as the heart of the menu. According to the Foundation, the Perini's serve Texas standards with genuine hospitality and have created a signature rural roadhouse. Visit the Perini Ranch Steakhouse online at <http://store.periniranch.com>.

### GrazingCalc – New iPhone App for Stocking Rates

The recent release of GrazingCalc, a new smartphone application developed by Texas A&M University, helps producers determine the best stocking rates for their land. The app is now available for iPhone and other Apple devices at <http://tinyurl.com/grazingcalc>.

### Sponsor Spotlight

TCFA is proud to recognize its top sponsors whose efforts help deliver top-notch service.

This week's spotlight shines on



Full Value Beef™ is an evolution of the Elanco beef brand and a commitment to building partnerships that can meet today's industry challenges. Full Value Beef™ is a different way of doing business. It's a customized approach designed to better understand customers' needs and to better serve them through discovering profitable opportunities.

One such opportunity in the area of health management is to better meet specific disease prevention needs by offering an expanded vaccine portfolio. The Elanco vaccine portfolio now includes Titanium® and Master Guard® vaccine lines. These well-known brands complement the recently approved Viralign™ 6, the first combination modified-live virus (MLV) vaccine to provide targeted protection against BVD 1b – the most predominant subtype in the United States. For more information, visit [www.elanco.us](http://www.elanco.us).

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