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## Key Ag Issues Discussed at Farmfest

Each year, many key issues are discussed as part of the various candidate debates and feature forums at Farmfest.

The 2016 farm show was held August 2-4 in Redwood County, Minnesota. A variety of Congressional candidates, along with national and state agricultural leaders and policy makers discussed many of the current key issues affecting farm families and rural communities across Minnesota and the Midwest.

The following are some of the main issues that were discussed during this year's Farmfest:

### Farm Financial Challenges

Tight profit margins and low profitability were on everyone's mind. Profit margins in crop production are at the tightest level in many years and some producers are facing negative profit projections for the 2016 crop year. Crop production expenses and land rental rates have remained relatively high for many farm operators, while crop prices for corn, soybeans, and wheat have dropped dramatically in the past couple of years. For farmers with below-average crop yields in 2016, the situation may be even more severe.

The livestock sector is not faring any better than the crop sector from a profitability standpoint. Dairy farmers have been dealing with very low milk prices for the past couple of years, which has resulted in negative profit margins for many producers. Cattle feedlot operators have also faced negative margins during the past year or so. Hog producers have been able to show a slight profit margin at most times in 2015 and 2016, due to the lower feed costs. However, projected lower market prices in the hog sector will likely create profit challenges for the hog industry in the coming months.

### The 2018 Farm Bill

Many ag policy experts and farm leaders are already beginning to discuss the writing of the next Farm Bill by Congress in 2018. There is a lot of concern over the payment calculation system in the county-based, Ag-Risk Coverage (ARC-CO) farm program option that over 90 percent of corn and soybean producers in the Upper Midwest are enrolled into for the 2014-2018 crop years. ARC-CO payments for a given crop in a crop year can vary significantly from county to county,

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due to the payment calculation formula. In addition, the payment levels will likely decline for the 2017 and 2018 crop years, when crop producers could potentially be facing some serious financial challenges.

The Dairy Margin Protection Program has also not been as effective as anticipated to help dairy producers offset the current low profit margins. Some concern was also raised regarding the reduced level of maximum Conservation Reserve Program acres allowed under the current Farm Bill. Finding adequate funding for current or expanded farm programs could be a challenge when Congress writes the next Farm Bill.

Congressional candidates were split on whether the next Farm Bill should continue to contain the food and nutrition title, which funds the Supplemental Nutrition Assistance Program (SNAP), and utilizes approximately 75-80 percent of the funds expended on the Farm Bill. Experienced ag policy experts warn that funding for ag commodity programs could become more difficult in the future, if the farm and SNAP programs are separated by Congress.

### **Crop Insurance**

Many farm operators are concerned about the future of the Federal crop insurance program, which is probably the best risk-management tool that crop producers have available to them. The Federal government currently covers approximately 60 percent of the premium cost for common levels of crop insurance coverage that is purchased by farmers. Some non-ag groups are pushing to have the Federal subsidy for crop insurance greatly reduced, or even eliminated. This could result in crop insurance becoming too expensive for some producers and lead to crop financing issues with ag lenders. Others have pushed to eliminate larger farm operators from subsidized crop insurance coverage. If these producers drop out of the crop insurance program, it may limit the number of private companies offering Federal crop insurance coverage to farm operators.

### **Ag Water Quality Issues**

In Minnesota, a new buffer law was passed by the State Legislature in 2015 and signed into law, and later updated by the 2016 State Legislature. The 2016 update clarified that the buffer law only affects public ditches, streams, etc., and not private ditches and waterways.

The Minnesota Department of Natural Resources has completed the mapping ditches requiring buffers. The mapping and other details on the new Minnesota buffer law are available through local Soil and Water Conservation District offices, or through the State Board of Soil and Water Resources (BWSR). Another excellent resource on the new buffer law and other ag water quality issues is the Minnesota Agriculture Water Resource Center [website](#).

The Federal authority under the Clean Water Act provision known as the "Waters of the United States" (WOTUS) also has farm operators

across the nation concerned. Many agricultural leaders fear that the U.S. Environmental Protection Agency will use perceived WOTUS authority to invoke practices and requirements on private farmland, which could alter future crop production practices and livestock grazing. The WOTUS issue is likely to be debated in Congress and challenged in the Federal court system down the road.

These issues and many other ag-related topics were discussed during Farmfest, and these discussions and debates will likely continue into this Fall's national and state elections, as well as into the 2017 Congressional and State Legislative sessions. Many farm organizations and agricultural commodity groups will also continue to keep farm operators informed about these key issues, and what the impacts might be on their farm operations in the future.

For more information, contact Kent Thiesse, Farm Management Analyst and Vice President, MinnStar Bank, Lake Crystal at: 507-381-7960 or [kent.thiesse@minnstarbank.com](mailto:kent.thiesse@minnstarbank.com).

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