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## Finalizing Farm Machinery Payments for 2016

Many farm operators provide some type of custom work and/or farm machinery to other farmers during the growing season. Relevant payments for work performed and/or equipment used are usually made following the completion of the harvest season.

Sometimes, it can be difficult to arrive at a fair custom rate for various farming practices or for machinery usage. Iowa State University releases its annual Iowa Farm Custom Rate Survey in February, which is based on a survey of custom operators, farm managers, and ag lenders on what they expect custom farm rates to be for various farm operations in the coming year. This is probably the most widely-used and updated custom rate information that is available in the Upper Midwest.

The 2016 Iowa Custom Rate Survey includes farm custom rates for typical tillage, planting, harvesting practices, as well as custom farming rates. All rates in the Iowa survey include fuel and labor, unless listed as rental rates or otherwise specified. These average rates are only meant to be a guide for custom rates, as actual custom rates charged may vary, depending on increases in fuel costs, availability of custom operators, timeliness, field size, etc. The 2016 Iowa Farm Custom Rate Survey is available [here](#).

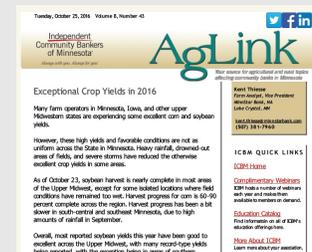
As a result of the decline in fuel prices during the past couple of years, average 2016 custom rates for farm work have remained steady or declined slightly, compared to 2015 rates. Most custom rates for tillage, planting, and harvest operations in 2016 are listed at no increase to 2 percent below the rates for similar operations in 2015. The 2016 custom farming rates for corn and soybean production declined about 5 percent compared to a year earlier. In addition to the decline in fuel costs compared to 2015 levels, repair and labor expenses increased slightly from the previous year, thus keeping most custom rates at a steady pace. The cost for new and used machinery in 2016 has remained fairly stable, with slight declines reported for some used machinery sales later in 2016.

The 2016 Iowa Farm Custom Rate Survey lists a range of custom rates being charged, in addition to the average custom rates for most farming practices. Some of the average custom rates listed,

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may be a bit low, given the high ownership costs of larger farm machinery, and the difficult field conditions that existed in some areas in 2016. The analysis also found that some of the harvesting costs for combining, as well as for the use of a grain cart and grain hauling, were somewhat undervalued in the Iowa survey. Based on this cost analysis, most of the 2016 farm custom rates for harvesting, Fall tillage, and custom farming should probably be a bit higher than the "average" custom rates listed in the Iowa survey, in order to reflect the true costs of operation.

The University of Minnesota periodically releases a publication titled: "Machinery Cost Estimates," which was last updated in July 2016. This summary looks at use-related (operating) cost of farm machinery, as well as overhead (ownership) costs. The use-related expenses include fuel, repairs and maintenance, labor, and depreciation. Overhead costs include interest, insurance, and housing. This can serve as a good guide to help farm operators estimate their true cost of farm machinery ownership. The University of Minnesota Center for Farm Financial Management has this publication and other good resources available on the costs of farm machinery ownership available on their [website](#).

### Check Grain Bins

Many corn and soybean producers across the Midwest completed harvest by mid November and now need to pay close attention to grain that is stored in grain bins for potential storage problems. Much of the corn and soybeans in 2016 was harvested and placed into grain bins at fairly warm temperatures. However, outdoor temperatures have cooled considerably in the past few weeks. These fluctuations in outside temperature can cause wide temperature variations in grain bins to occur, resulting in moisture migration in the bin along with grain spoilage. Farm operators should run aeration fans periodically to equalize grain bin temperatures, which will help prevent spoilage.

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).

## Rising Rural Property Taxes Highlights Annual Legislative Forum on Dec. 8

Residents and local elected officials are invited to attend the 34th-Annual Rural Legislative Forum on Thursday, December 8 at South Central College in North Mankato.

This year's theme is: "Rapidly Rising Property Taxes Challenging Rural Minnesota."

The legislative forum will provide an overview of the property tax system in Minnesota, including how property taxes are calculated

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and the use of property tax funds. Participants will also hear about the impact of school bond issues on agriculture property taxes.

Eric Willette, Property Tax Research Director for the Minnesota Department of Revenue, will be the keynote presenter for this thought-provoking forum, which will also touch on the ag property tax legislation that was passed during the 2016 state Legislative session, but was not enacted into law.

A complete schedule of the event is available [here](#).

Registration and other information can be found [here](#).

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