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## **SORGHUM E-Notes**

### **NATIONAL SORGHUM PRODUCERS Ensuring Sorghum's Profitability**

July 3, 2008

#### **National Sorghum Checkoff Begins Collections**

The Sorghum Promotion, Research and Information Order began collections this week for a program that will ultimately contribute to improved profitability for sorghum farmers.

"The first checked-off load represents a milestone for the sorghum industry," said NSP President Dale Murden of Monte Alto, Texas. "This step will lead to more research on sorghum, better markets for sorghum, and eventually more acres for this crop."

The national sorghum checkoff will be assessed by first-handlers by multiplying the load value by 0.006. For forage, the checkoff amount is obtained by multiplying the load value by 0.0035. Checkoff dollars will go to research into sorghum crop improvement and development for the crop and its producers. The National Sorghum Checkoff Board of Directors, which has not yet been appointed, will have jurisdiction over allocating checkoff dollars.

Gerald Simonsen, a farmer near Ruskin, Nebraska, was equally optimistic about the prospects for the checkoff.

"We have watched the decline of sorghum acres and the sorghum industry for the last 28 years," said Simonsen. "To the producers for whom sorghum is an important part of their operation, the national sorghum checkoff is without any doubt the most positive move we have seen in those 28 years. We have watched as public and private funding for the industry has been cut. To me, it is inspiring that producers have taken it upon themselves to invest in their own industry."

#### **What \$100,000 Can Buy**

The Houston Chronicle reported on Tuesday of this week that a high-value donation by Bo Pilgrim of Pilgrim's Pride, the poultry giant, led Texas Governor Rick Perry to request EPA waive the Renewable Fuels Standard, impacting starch-based ethanol production nationwide.

The Chronicle included the following timeline based on Freedom of Information Act Requests filed by the newspaper.

- **March 25** : Poultry producer Lonnie "Bo" Pilgrim meets with Gov. Rick Perry to ask him to seek a waiver from federal mandates for the production of corn-based ethanol.
- **March 31**: Pilgrim donates \$100,000 to the Republican Governors Association chaired by Perry.
- **April 17**: Pilgrim speaks to nine Republican governors in closed-door conference on energy in Grapevine.
- **April 24**: Pilgrim's Pride lobbyists and public relations firm Public Strategies meet with Perry's staff on final details of waiver request.
- **April 25** : Perry formally requests waiver from Environmental Protection Agency.

- **June 24:** Perry attends Washington, D.C., news conference promoting waiver. Event was organized by Public Strategies.

*Source: Texas Governor's Office, Republican Governors Association via Houston Chronicle*

The discovery of such a large donation to Governor Perry and groups directly tied to him cast doubt on Perry's motives for requesting the RFS waiver. The comment period for the RFS waiver closed on Monday, June 23<sup>rd</sup>. EPA has until July 21<sup>st</sup> to decide whether or not to grant the request.

To read the entire Chronicle article, click here: <http://www.chron.com/dispatch/story.mpl/front/5867104.html>

## **FSA Sign-Ups for 2008**

In the coming weeks, producers will have the opportunity to sign up for Direct and Counter Cyclical Payment programs for 2008 and receive a 22 percent advance payment. But rules that will affect 2009 sign-up for the ACRE and Supplemental Agriculture Disaster Assistance Program will likely not be available until 2009. To learn more, visit [http://www.agmanager.info/crops/insurance/risk\\_mgt/rm\\_pdf08/ABsignup.pdf](http://www.agmanager.info/crops/insurance/risk_mgt/rm_pdf08/ABsignup.pdf) or for faster loading, [http://www.agmanager.info/crops/insurance/risk\\_mgt/rm\\_html08/ABsignup.asp](http://www.agmanager.info/crops/insurance/risk_mgt/rm_html08/ABsignup.asp).

## **NSP Welcomes Massey Grain as E-Member**

NSP welcomes Massey Grain Company, Inc. and owner Jim Massey IV as its newest elevator (e-) member! Massey Grain is a new storage facility at Robstown, Texas. By becoming an e-member, Massey will become eligible to receive NSP's sorghum basis report, SORGHUM Grower magazine and weekly e-mail updates, and waive the membership fee to enter the yield contest. There are now more than 165 participating e-member locations in Kansas, Texas, Nebraska, New Mexico, Colorado and Missouri. The e-member program is vital to NSP's ability to effectively work on legislative and regulatory issues of utmost importance to sorghum growers. To learn more about the program, please contact Christi Stulp at [christi@sorghumgrowers.com](mailto:christi@sorghumgrowers.com) or at (719) 688-4521. We appreciate the strong, ongoing support of all NSP members, e-members and industry partners.

## **CRP Treatment for Tax Purposes in Flux**

Under the Conservation Reserve Program (CRP), owners and operators of eligible land may enter into a contract with the Secretary of Agriculture to enroll land in the program and convert it to less intensive use under an approved conservation plan. In return, participants receive an annual payment that the statute refers to as "rent." Legislation establishing and extending the program has been silent as to the appropriate tax treatment of these payments. For many years, the Internal Revenue Service (IRS) generally treated the payments as farming income when received by someone who was engaged in the trade or business of farming, but as rental income when received by others.

The IRS's position appears to have changed to one that would treat all Conservation Reserve Program payments as farming income and, thus, subject to self-employment tax. Recently, the IRS published a proposed revenue ruling that explains its treatment of CRP payments as income from the trade or business of farming and, thus, subject to self-employment tax.

Currently, case law provides some support for the IRS's position that the CRP's annual rental payments are not rent that is excludible from self-employment tax. This case law has not, however, considered CRP payments received by individuals who were not previously engaged in farming and who have purchased property and immediately enrolled it in the CRP (or agreed to continue the enrollment begun by the previous owner/operator). Neither have courts considered CRP payments to those who hire third parties to perform activities required by the CRP contract.

*From a Congressional Research Service Report for Congress by Carol A. Pettit, Legislative Attorney, American Law Division*

## **EPIC Launches Energy Independence Campaign**

The Ethanol Promotion Information Council has launched an Energy Independence Campaign, aimed at achieving U.S. energy independence. In addition to a major national-level PR campaign, EPIC will provide local organizations the tools to work from the grassroots level to set big goals for Americans and see how long the U.S. can go without relying on imported foreign oil. For more information about EPIC and this campaign, visit [www.drivingethanol.org](http://www.drivingethanol.org).

## **Kansas Food, Feed, Fuel Sticks to the Facts**

The Kansas Grain Sorghum Producers Association, Kansas Corn Growers Association and Kansas Corn Commission have teamed up to get out the facts about U.S. ethanol production and its impact on agriculture and consumers. Their new blog, which is updated almost daily, keeps a great log of the biggest stories in the news related to ethanol and agriculture. Bookmark it in your web browser for a quick reference about what's going on in the industry. The blog is located at <http://www.ksgains.com/foodfuelkansas/>.

## **RFA President Bob Dinneen Addresses Ethanol Attacks**

Bob Dinneen, President of the Renewable Fuels Association, wrote an op-ed this week for the San Francisco Chronicle addressing the scapegoating of renewable fuels for America's woes, especially higher food prices. He points out that gas prices are 50 cents *below* what they would be if ethanol was not mixed into much of America's gasoline supply.

"Given the inroads ethanol is making into the nation's motor fuel supply and the fact that livestock producers and food processors can no longer take advantage of America's farmers by purchasing grain below the cost of production," wrote Dinneen, "there is little doubt as to why Big Oil and Big Food are pointing their fingers at ethanol."

Refuting the "common knowledge" that ethanol is to blame for the struggles of American households, Dinneen articulately sets the record straight. To read the article, click here: <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/06/30/EDNR11F0AG.DTL>

## **Happy Independence Day!**

The NSP office will be closed tomorrow in observance of Independence Day. Business as usual will resume on Monday, July 7<sup>th</sup>.

## **About Sorghum Notes**

SORGHUM Notes is a publication of the National Sorghum Producers. NSP represents U.S. sorghum producers and works to ensure the profitability of sorghum production through market development, research, education and legislative representation. Visit our website at [www.sorghumgrowers.com](http://www.sorghumgrowers.com). Write to us at National Sorghum Producers, 4201 N Interstate 27, Lubbock, TX 79403. To unsubscribe to Sorghum Notes, please reply to [hannah@sorghumgrowers.com](mailto:hannah@sorghumgrowers.com). Copy and paste "Unsubscribe to Sorghum Notes" into the subject line.

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## **Quote of the Week:**

"I must study politics and war that my sons may have liberty to study mathematics and philosophy. My sons ought to study mathematics and philosophy, geography, natural history, naval architecture, navigation, commerce, and agriculture, in order to give their children a right to study painting, poetry, music, architecture, statuary, tapestry, and porcelain." - *John Adams, 1777*

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