



SOUTH DAKOTA CORN TALK

Volume 24 • Number 3

August 2008

Capitol Hill hosts SD Congressional delegation and NCGA meetings

Corn Congress 2008 set the stage for South Dakota Corn board directors to converge on Capitol Hill for visits with South Dakota's Congressional delegation and National Corn Grower Association meetings. The event was held July 15-17 in

Washington, DC and during the event the NCGA delegation ratified a new first vice president from South Dakota.

South Dakota corn producers have the distinct honor to be represented at the national level by one of their own as the NCGA Corn Board elected

Darrin Ihnen of Hurley, S.D., to the position of first vice president for the 2009 fiscal year, which begins Oct. 1.

The action places Ihnen at the second top post for NCGA leadership, in line for potential presidency of the elite organization. Not since 1999 has South Dakota had a voice at such a high level, when Lynn Jensen of Lake Preston, S.D., served as NCGA President.

"I'm proud to have been chosen by those I respect so much, and am excited about the opportunity to further serve my fellow growers," Ihnen said.

Also during Corn Congress, delegates of affiliated state associations set policy for the organization. South Dakota delegates were able to meet with each of the state's Congressional delegation. Sen. Johnson, Sen. Thune and Rep. Herseth Sandlin all met personally with the SD Corn group. Delegates from SD Corn to Corn Congress included: Bill Chase, Chad Blindauer, Jim Thyen, Mark Klumb, David Gillen, David Fremain, Keith Alverson, Reid Jensen.

"Corn Congress is an event set aside for grower leaders to come together and make important decisions on how to advance our industry," said Bill Chase, SDCGA president and a grower from Wolsey, S.D. "We especially are appreciative of the opportunity to meet, as actual ag producers, with our state's representative and senators and tell them what's important for growers back home."

In addition, members gave reports on key issues and activities from NCGA action teams and committees on key issues and activities. Approximately 250 growers from more than 20 states attended the 2008 Corn Congress.

"I'm proud to have been chosen by those I respect so much, and am excited about the opportunity to further serve my fellow growers," Ihnen said.



No CRP release this year

USDA recently announced it will not allow the penalty-free release of CRP ground. Secretary of Agriculture Ed Schafer said improved weather conditions, lower crop prices and scheduled CRP expirations contributed to the decision.

Despite crop delays and flooding, Schafer said the current corn crop will be the second largest on record. Shafer explained that June corn prices retreated 25 percent and the floods experienced earlier in the season appear to have had less of an impact than originally thought.

"The strength of the commitment of America's farmers meets the nation's need for corn for food, feed and fuel, reassuring the markets that there will be an adequate supply available this year; the recent easing in prices is helpful to the livestock industry and will allow current CRP contract holders to make informed decisions about whether they want to make an early exit from the program." Without any action from USDA, contracts for over one million acres of CRP ground are scheduled to expire at the end of September. By the fall of 2010, contracts representing 9.3 million acres will expire."

Some of those acres will be reenrolled while other wills expire and enter into production. According to Shafer, currently there are no plans of doing reenrollment of CRP acres.

The provisions of the 2008 Farm Bill, and the terms of existing CRP contracts, total acreage in the program is going to drop without any action by USDA. In the 2008 Farm Bill, Congress lowered the cap on the total number of acres allowed in the CRP program from 39.2 million acres to 32 million acres. As a result, the 34.7 million acres now enrolled in the program will have to shrink.

South Dakota currently has about 1.3 million acres of land in CRP or 6.5 percent of the State's cropland acres. The greatest number and intensity of CRP acres are located in the northeast and north central regions. From 2008 to 2010, CRP contracts totaling nearly 508,000 acres in South Dakota are set to expire. From 2011 to 2013 another 420,700 contract acres will expire, and the remaining 364,600 CRP acres will expire from 2014 to 2023. Many of these acres may be re-enrolled or contracts extended depending on program funding and landowner preferences.

Over half (57.5%) of the CRP acres are held by either retirees or those who do not consider farming to be their primary business. This could have a significant impact on the factors influencing post-CRP land use decisions.



PRESIDENT'S REPORT

Bill Chase, SDCGA President

Springs like 2008 require determination, long hours, flexible seed supplies, and a little luck. I know many of you faced replanting challenges or left some acres unplanted. Despite the challenges of Spring, we are optimistic about the 2008 corn crop.

Several directors of the SD Corn organizations traveled to Washington, DC, July 15-17, for the National Corn Growers Association Corn Congress to discuss our industry's challenges and opportunities. South Dakota corn producers were well represented at Action Team meetings. The Action Teams provide guidance to NCGA's board of directors in the areas such as public policy, biotech, environmental, transportation and membership issues.

While in DC, SD Corn board directors had the opportunity to spend one on one time with each of South Dakota's Congressional delegation. We would like to thank Sen. Johnson, Sen. Thune and Rep. Herseth Sandlin for taking time out of their demanding schedules to visit with our group.

During Corn Congress, NCGA delegates elected board members and approved 2009 NCGA board officers. Darrin Ihnen was ratified as Vice President. Many of you know Darrin from his years of service on both the SDCGA and SDCUC boards. I know he will do a great job providing leadership on local, state and national issues. Congratulations, Darrin!

Anthony Osborne from Monsanto gave a brief update about what opportunities and challenges are currently facing the biotechnology industry. One of the things Monsanto is currently working on is to lower refuge requirements. Every product released must comply with the stringent regulations. While the

United States is the leader in the use of newer seed technologies, our international competitors are also beginning to realize the benefits and are adapting to the technology, which will increase the demand for biotech products.

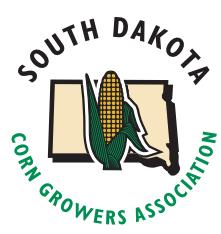
Discussion was held on the Renewable Fuels Standard waiver request. Texas Governor Perry has requested a waiver from the current RFS, citing inadequate corn supplies. While the recent USDA crop report indicated there will be enough production to provide corn for ethanol, livestock feed, exports, and human consumption in the future, there is still a lot of work to do in the Food and Fuel debate.

Corn and ethanol producers must continue to work together to provide the facts on the economics of biofuel production and our ability to provide corn to supply all needs. SDCGA and SDCUC sponsored the "Kernels of Truth" campaign and placed ads in newspapers across South Dakota. Consumers are starting to understand that corn has the ability to provide "green" products, revive the economy and help our country to lower our dependence on foreign oil.

The seats on the bus for the SDSU/Iowa State football game are going fast. Join us for a fun event with fellow corn producers before we head into harvest. SD Corn will be present at several fairs and expeditions in the coming weeks. Please stop in and introduce yourselves.

Bill Chase

SDCGA President
Wolsey, SD



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RFS waiver request DENIED!

Ethanol supporters championed the recent decision by the U.S. Environmental Protection Agency to uphold the Renewable Fuels Standard by rejecting a waiver request submitted by Texas Gov. Rick Perry. The action became official on Aug. 7.

"Simply put, the waiver request had no merit. The EPA's ruling was fully appropriate and is consistent with what we've been saying all along given the evidence for the positive role ethanol is contributing to our economy," said Bill Chase, president of the South Dakota Corn Growers Association. "It's true, we are all paying more for food but only a small portion of higher prices is tied to ethanol production. By extending fuel supplies, ethanol actually reduces fuel costs significantly."

Had the RFS been jeopardized with a waiver, refiners would require between 320,000 and 350,000 barrels, or 13.8 million gallons of gasoline per day to make up for the lost capacity offered with ethanol. According to Merrill Lynch commodity strategist Francisco Blanch, U.S. gas prices would be 15 percent higher without the increasing effect of biofuels, which equates into a savings of 50 cents per gallon at recent gas prices.

"Rolling back the RFS would have been the equivalent of taking a significant portion of motor fuel refinery capacity offline. The SDCGA congratulates the EPA on a decision based on understanding of the impact biofuels have on our nation," said Chase.



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The WNAX Morning Report

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Farmfest

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August 5-7, 2008

Dakotafest

Mitchell, SD
August 19-21, 2008

Husker Harvest Days

Grand Island, NE
September 9-11, 2008

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SDCGA Annual Meeting 2009!



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Volunteer corn impact on yields determines action

By Mike Moechnig, SDSU Extension Weeds Specialist

Regardless of the crop grown, volunteers often become one of the weeds in the next crop. In soybeans following corn, volunteer Roundup Ready corn has long been a glyphosate-resistant weed that requires the use of an alternative grass herbicide tank mixed with glyphosate. However, recent corn prices have increased the potential profitability of corn causing many producers to grow corn in a field for two or more consecutive years. We know volunteer corn is competitive with soybeans, but is it also competitive with corn? SDSU has been conducting research to quantify the competitive ability of volunteer corn in corn or soybeans.

In soybeans, volunteer corn was very competitive as soybean yield loss ranged from Zero to 60 percent as volunteer corn densities ranged from Zero to 4 plants/m². In fact, only two corn plants per 10 ft. by 10 ft. area was enough to cause 5 percent soybean yield loss in 2007. If the soybean price is \$10/bushel and yield is 30 bu/A, a 5 percent yield loss would be a \$15 per acre loss. That amount of loss would justify the cost of applying a grass herbicide that may only cost \$5-\$10 per acre.

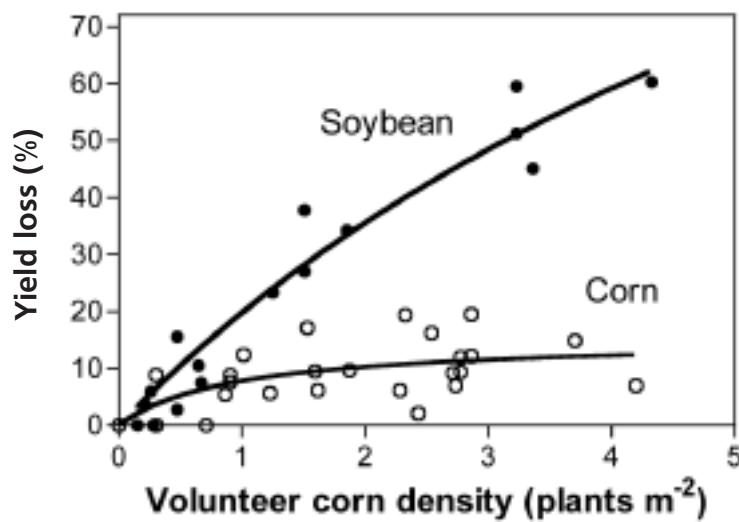


Figure 1. Soybean or corn yield loss associated with a range of volunteer corn densities.

In corn, volunteer corn was less competitive than in soybeans. Corn yield loss ranged from zero to 13 percent as volunteer corn plants ranged from 1 to 4 plants/m². According to our estimates, a high volunteer corn density of 400 plants per acre or 0.1 plants/m² could cause approximately 1.5 percent corn yield loss. Although this seems like a relatively minor effect, 1.5 percent yield loss could amount to \$9 per

acre if the field yielded 120 bushels per acre and sold for \$5/bushel. However, I should stress that the 1.5 percent corn yield loss is the predicted estimate based on the yield

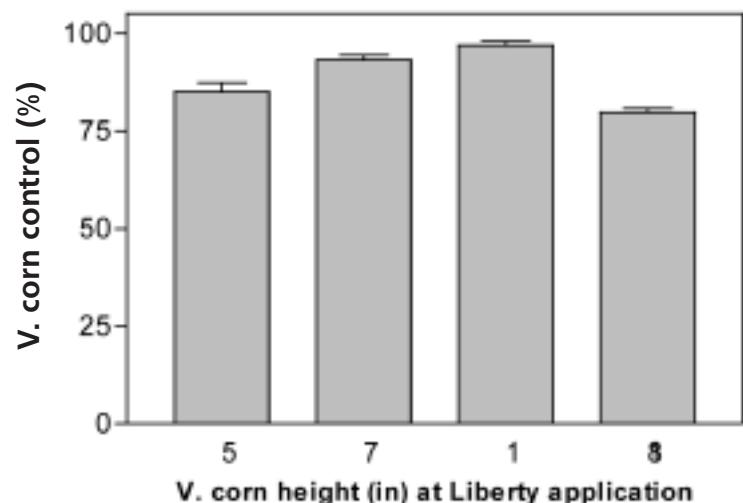


Figure 2. Volunteer corn control associated with Liberty (32 fl.oz/A) applied at four different volunteer corn heights.

loss trend associated with greater volunteer corn densities. Since there are so many factors causing variation in yields, a 1.5 percent yield loss may be less than the normal yield variation we typically see from one plot to the next and would therefore be very difficult consistently measure.

Although it seems that volunteer corn may not greatly affect corn yields, it is difficult to define a threshold density for controlling volunteer corn in corn as the control would require planting an alternative corn variety, such as conventional or Liberty Link corn. Within the next couple years, Liberty Link soybeans may be marketed providing another option for using Liberty to control volunteer RR corn. Many people suggest Liberty will not adequately control volunteer corn since Liberty may not translocate to the corn growing point.

It may be difficult to use alternative corn varieties as Roundup Ready corn has gained popularity due to effective control of grasses and perennial weeds.

However, our research has demonstrated that Liberty resulted in greater than 90 percent volunteer corn control when applied to volunteer corn 7 to 11 inches tall. Control was slightly less when applied to smaller or larger volunteer plants. Also, we suspect control may decline if Liberty is applied during a dry period. In addition, not all RR volunteer corn will be susceptible to Liberty as several RR corn varieties with insect resistance are also resistant to Liberty.

It may be difficult to use alternative corn varieties as Roundup Ready corn has gained popularity due to effective control of grasses and perennial weeds. Nevertheless, there are several very effective and economical Liberty Link and conventional programs that if implemented, may greatly reduce the selection pressure for glyphosate resistant weed species. Glyphosate resistant common ragweed was recently identified in Charles-Mix County and glyphosate resistant marestail is suspected in South Dakota. Other weed species, such as waterhemp and kochia could also evolve resistance in South Dakota in the near future. Although glyphosate resistant weeds may not be devastating, they could increase weed control costs in soybeans by approximately \$10–\$20/A.



Figure 3. Volunteer Roundup Ready corn plants injured by Liberty applied in Liberty Link corn.

Therefore, it may be more cost-effective in the long-run to preemptively minimize selection pressure for glyphosate resistance by using all the tools available. This may include rotating herbicide programs or at least using soil residual herbicides that have the short-term benefit of minimizing yield loss associated with early-season weed competition.

GROWING FORWARD 2009

DECEMBER 1-4, 2008 FEBRUARY 2-5, 2009

PART I
RISK MANAGEMENT STRATEGIES:

Dr. Steven D. Johnson, Ph.D.

Steven D. Johnson, Ph.D., Farm & Ag Business Management Field Specialist, Iowa State University
Dr. Johnson is a highly-valued speaker for his insight related to grain marketing, government farm programs, crop insurance and other risk management strategies.

Also on the Growing Forward agenda: Estate Planning

PART II
PREVIEW TO FEBRUARY 2009 MEETING:
RISK MANAGEMENT TOPICS:

Art Barnaby – Extension Ag Economist at Kansas State University

Art is a frequent speaker at professional, farmer-producer, ag lender, and insurance industry meetings. Raised on a diversified farm, located in Elk County, Kansas, Art received his B.S. degree from Fort Hays State University, M.S. from New Mexico State University and a Ph.D. in Agricultural Economics from Texas A&M University. Art conducts statewide extension education programs on financial planning, risk, government commodity programs, and crop insurance. He is an author on several research projects that cover alternative crop insurance designs and their impacts on farmers.

Weather outlook and impacts: Bryce Anderson – DTN

Bryce Anderson has been DTN's chief ag meteorologist since 1991. He writes and broadcasts agricultural weather commentary each day to DTN subscribers across the major crop and livestock production areas of the U.S. and Canada. He is a graduate of agricultural weather and journalism programs from the University of Nebraska and Mississippi State University.

Watch for more details on this program coming soon!

Calendar of Events

Aug. 11-17, 2008

Brown County Fair
Aberdeen, SD

Aug. 19-21, 2008

Dakotafest
Mitchell, SD

Aug. 28 – Sept. 1, 2008

S.D. State Fair
Huron, SD

Aug. 28, 2008

Value Added Agriculture Day
SD State Fair, Huron, SD

Aug. 28 – 29, 2008

SD CornPAC Bus Trip to Ames, IA

Sept. 4, 2008

Grand Opening of Glacial Lakes Energy
– Mina, SD

Sept. 6, 2008

Campbell's Supply – Cub Cadet
Giveaway Event
Sioux Falls, SD

Sept. 6, 2008

Cereal Bowl
South Dakota State University

Sept. 17, 2008

SDCGA Board Meeting
Sioux Falls, SD

Nov. 6, 2008

State Technical Committee Meeting
Huron, SD

Dec. 1-4, 2008

Growing Forward 2009

Dec. 8-9, 2008

SDCGA Board Meeting

Dec. 10-11, 2008

SDCUC Board Meeting

Jan. 10, 2009

SDCGA Annual Meeting
Sioux Falls, SD

Feb. 2-5, 2009

Growing Forward 2009

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17th Annual Corn Cob Open has great participation from ag industry

The Brookings Country Club set a stellar stage as nearly 300 farmers, businessmen and dignitaries converged on the greens for the South Dakota Corn Growers Association's 17th Annual Corn Cob Open on June 23.

Two shot-gun starts kicked off the four-man best ball tournament with a morning and afternoon flight at 8 a.m. and 2 p.m. A cool morning greeted golfers as the 26 teams shot right through; and the next flight enjoyed a beautiful afternoon of golf featuring 36 teams.

The hole-in-one prize up for grabs that day was a 2008 flex fuel vehicle, providing golfers the incentive to make their best attempt to sink a hole-in-one. Although no one took home vehicle, a few golfers came within a couple of feet of a hole-in-one and countless golfers lowered their handicaps trying.

Golfers had the opportunity to toss horseshoes to earn a mulligan point at Hole 13. Several golfers shaved off a point or two while raising money for the SDCGA Corn Pac. After each golf tournament, golfers retired to the club house to find out how they performed against other teams vying for the tremendous line-up of prizes which included DVD players, patio fireplaces and more for top performers. Prizes were also awarded to the teams who placed first, second and third. See the team winners on the following page.

"The SDCGA Corn Cob Open is the premier summer event for industry friends and members of the SDCGA and this year's tournament was outstanding," said Kyle Broughton, an industry representative from Monsanto on the SDCGA board. "This event allows industry and producers the opportunity to come together and enjoy a great day of golf and camaraderie."

Corn Cob Open Turney Winners

MORNING FLIGHT



1st Place Team
STINE SEEDS
Score 59

L-R:
Rick Aslesen
Cullen Prasek
Jason Pieper
Wendell Falk



2nd Place Team
CROPLAN GENETICS
Score 60

L-R:
Todd Hanten
Brittany Hanten
Tom Ryan
Jay Boomsma



3rd Place Team
COUNTRY PRIDE COOP
Score 63

L-R:
Steve Hansman
Jim Field
Brian Leighton Not pictured
Bill Pape Not pictured

AFTERNOON FLIGHT



1st Place Team
CROW'S
Score 57

L-R:
Thad Meister
Dooley Shroyer
Jeff Buche
Josh Nuytten



2nd Place Team
Score 60

L-R:
Dean Schrag
Barry Preheim
Dean Dreessen
John Weier



3rd Place Team
FIRST NATIONAL BANK OF SOUTH DAKOTA
Score 60

PHOTO NOT AVAILABLE
TEAM MEMBERS:
Jeral Gross, Jeff Jones, Eric Roskens, Matt Tershinski

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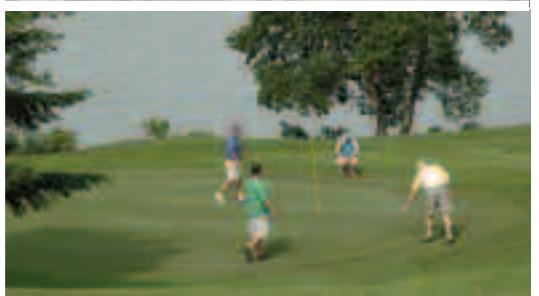
2009 CORN COB OPEN

June 18, 2009
Spring Creek
Country Club
Sioux Falls



17th Annual **CORN COB OPEN**

Another terrific
tournament!



SD CORN AT DAKOTAFEST 2008

SPECIAL EVENTS

TUESDAY, AUG. 19

Sweet Corn Feed! 11am - 1pm

SD Corn Booth #118
(at the corner of First St. and Main)

WEDNESDAY, AUG. 20

Membership Appreciation Day

SDCGA members are invited to stop by the tent
for a Members only prize give-away!

THURSDAY, AUG. 21

Flex Your Fuel - Ethanol Day

SDCGA MEMBERSHIP-ONLY GIVEAWAY



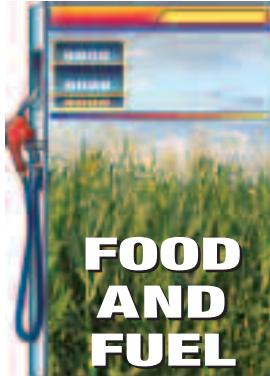
The SDCGA and Benco Products have teamed up to offer a chance to win a Raven Cruizer Guidance System for SDCGA members only! The drawing will be held during Dakotafest 2008!

Leaders in ag form Alliance for Abundant Food and Energy

Four of the biggest names in U.S. agriculture have linked arms to highlight the ability of agriculture to meet both future food and energy needs. Leaders from across the agriculture value chain joined together to form the Alliance for Abundant Food and Energy, an alliance designed to promote understanding that through innovation, agriculture can sustainably meet the growing global demand for food and renewable forms of energy. Founding members of the Alliance include the Archer Daniels Midland Company, DuPont, John Deere, Monsanto and the Renewable Fuels Association.

"The Alliance for Abundant Food and Energy will underscore the role that agriculture can play in supporting our food and energy needs," said Mark Kornblau, executive director, Alliance for Abundant Food and Energy. "With growing global demand for grain, it's critically important that policy leaders start thinking about how we can grow our way to a solution. Innovation is part of the American DNA – through greater support for agricultural innovation, we can produce enough crops to supply both our food and energy needs worldwide."

Recently, critics have tried to frame the debate as an "either/or" decision, making people feel they must choose between food and energy security. The Alliance believes this is a false choice that ignores both the capabilities of agriculture and our nation's history of using innovation to solve our problems. The Alliance realizes both are possible – and can be accomplished using less land and fewer resources than generally understood. More information can be found online, at www.foodandenergy.org.



Value-Added Agriculture Day South Dakota State Fair Huron, SD – August 28, 2008

Join SD Corn for a complimentary Sweet Corn Feed from 11 a.m. to 1 p.m. at the Value-Added tent just south of the Freedom Stage!

Survey Finds Broad Public Support for More Ethanol

The on-going campaign to force the nation to revisit and reduce its commitment to ethanol has failed to move most American voters. A recent bipartisan survey of 1,200 registered voters shows that by a 2:1 margin, the public supports increased use of ethanol in our nation's fuel supply. This majority crosses party lines, capturing conservatives and environmentalists alike. This survey was commissioned by the Renewable Fuels Association.

Voters largely blame the rising cost of food on fuel prices; less than one in ten blame the expanded use of ethanol. Between June 23 and July 1, the Democratic polling firm Greenberg Quinlan Rosner and the Republican polling firm Public Opinion Strategies conducted a survey of 1,200 registered voters, including oversamples of environmentalists and "opinion formers."

Asked if they favor or oppose continuing to increase use of ethanol, an impressive 59 percent come out in favor, while just 30 percent oppose. Support is even higher (63 percent) among environmentalists. Men and women, older voters and younger voters, high school educated and college graduates, and voters from all regions in the country support this alternative fuel.

The South Dakota Corn Utilization Council recently released the results of a state-specific study which proves that consumers can great benefit by using ethanol blended fuels. The highlights of the study include:

From March 2007 though March 2008:

- SD drivers saved 11.1 cents per gallon at the pump using E-10*
- The EIA reported that South Dakota drivers used 429 million gallons of gasoline over the 12 months*
- If all of this gasoline had been blended with ethanol at a 10 percent level, South Dakotans would have saved \$47.6 million; or \$86 for each of South Dakota's 555,000 licensed drivers.*
- This amounts to \$164.10 for each of South Dakota's 290,245 households*

VISIT SOUTH DAKOTA CORN

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Sept. 6, 2008 -- CAMPBELL'S SUPPLY -- Sioux Falls, SD CUB CADET GIVEAWAY EVENT

In the middle of this whole oil mess, ethanol is a bright spot.

America is spending more than \$1 billion a day on imported oil—wreaking havoc on the economy and driving up the price of everything from gasoline to groceries. On the other hand, ethanol is saving Americans 15% or more at the pump. At \$4 per gallon, that's a \$12 savings on 20 gallons—every time you fill up.

Ethanol is an important component in our nation's long-term energy strategy. It's working for us today—and will contribute even more tomorrow.



EPIC ethanol promotion and information council

EPIC is the only national organization focused solely on building consumer demand and brand awareness for ethanol-blended fuels like E10, E20, E30 and E85, through marketing and public relations efforts.

Join the movement. For more information, visit www.DrivingEthanol.org

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Herseth-Sandlin Legislation increases consumer access to E85 and biodiesel at the pump



Rep. Herseth Sandlin (D-SD) led bipartisan legislation with Rep. John Shimkus (R-IL) that increases the availability of homegrown, renewable biofuels like E85 and biodiesel at gas stations across the country. The E85 and Biodiesel Access Act (H.R. 6734) streamlines the process and provides greater incentives for service

station owners to install equipment to dispense E85 and biodiesel – and in doing so, it increases consumer access to these homegrown biofuels and enhances the United States' energy security.

"With gas prices at an all-time high and our energy security resting in the hands of hostile foreign nations, we need to be giving Americans greater access to biofuels at the pump," Herseth Sandlin said. "This bill helps gas station owners play an active role in furthering the development of the burgeoning biofuels industry, and gives con-

sumers the option to utilize clean sources of fuel that support South Dakota's rural economies and encourage American energy independence."

"I understand there is an expense when installing E-85 pumps, and the ease of adding an E-85 pump varies based on the existing underground infrastructure," Shimkus said. "But, this legislation will help provide station owners an incentive to sell this American-made fuel."

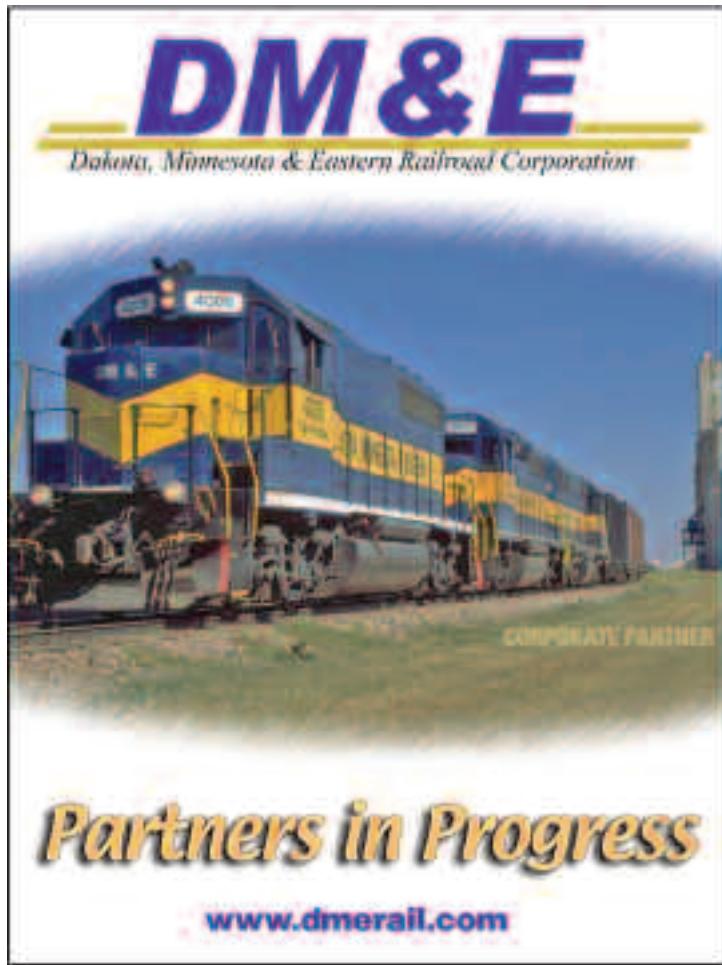
The E85 and Biodiesel Access Act would enhance the Alternative Fuel Vehicle Refueling Property Credit. Currently, the Alternative Fuel Vehicle Refueling Property credit allows gas station owners to claim a 30 percent tax credit for the cost of installing clean-fuel vehicle refueling property up to a maximum of \$30,000. Additionally, the IRS limits the credit to the amount a dual purpose fuel dispenser exceeds the cost of equivalent conventional refueling dispensers. This has not been sufficient to speed the broad deployment of biofuel dispensing infrastructure. The legislation raises the amount of the credit from 30 percent of the cost of qualifying property to 50 percent, up to a maximum of \$100,000, and allows station owners to claim the value for the entire cost of dual purpose fuel dispensers.

Duffy named to US Grains Council Asia Advisory Team



Gary Duffy

Gary Duffy, board member of the South Dakota Corn Growers Association (SDCGA), was recently named to the US Grains Council Asia Advisory Team. As a member of the Asia Advisory Team, Duffy, a producer from Oldham, S.D., will obtain first-hand knowledge of the issues and strategies that drive Council programs. He will also serve as a Council spokesperson to other members, media, and to domestic and foreign partners.



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A photograph of a long freight train with blue and yellow locomotives and green and yellow railcars. The train is moving through a landscape with trees and a clear sky. The text "DM&E" is prominently displayed in large blue letters at the top, with "Dakota, Minnesota & Eastern Railroad Corporation" in smaller text below it. In the bottom right corner of the image area, the words "CORPORATE PARTNER" are visible.

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Thune, Gang of 10 Unveil Bipartisan Plan to Reduce Energy Prices

-- Proposal Includes Four Year PTC Extension --



WASHINGTON, DC—Senator John Thune along with a bipartisan coalition of Senators — known informally as the “Gang of 10” — recently unveiled a sweeping energy proposal, the New Energy Reform Act of 2008 (New ERA Act), which would reduce gas prices, lessen our nation’s dependence on foreign oil, and strengthen America’s economy.

“For weeks, I have been working with both Democrats and Republicans to put politics aside and come up with a comprehensive energy package that will reduce energy prices for the American people. The New Energy Reform Act of 2008 would increase domestic oil and natural gas production, extend the wind production tax credit for four years, transition American fuel consumption from fossil fuels to biofuels, increase conservation and launch an Apollo-like project to move

America’s cars and trucks to non-petroleum-based fuels.

Along with many of the main provisions, Senator Thune worked hard to include: a four year extension of the wind production tax credit; \$2.5 billion in research, design and development on next generation biofuels and infrastructure; and expanding transmission capacity for power from clean renewable energy sources. Included in the biofuels infrastructure provisions are expanded incentives for the installation of alternative refueling pumps and an ethanol-dedicated pipeline program.

The Gang of 10 was formed by Senator John Thune (R-SD) and Senator Kent Conrad (D-ND) and Senator Saxby Chambliss (R-Ga.). Senators working with Thune, Conrad and Chambliss to develop the proposal include: Lindsey Graham (R-S.C.), Blanche Lincoln (D-Ark.), Mary Landrieu (D-La.), Johnny Isakson (R-Ga), Bob Corker (R-Tenn.), Mark Pryor (D-Ark.), and Ben Nelson (D-Neb.).

A summary of the Energy Reform Act of 2008

Overview

The purpose of the legislation is to transition our economy – particularly the surface transportation sector – to run off alternative fuels other than gasoline and diesel. The legislation dedicates at least \$20 billion in the next ten years to this important endeavor.

To ease gas prices in the interim, the New Era bill includes significant conservation provisions and targeted, responsible measures to increase our domestic production of traditional fuel sources. Any new domestically produced resources must stay in the United States. The bill will also establish a National Commission on Comprehensive Energy Policy to identify critical “inhibitors and prohibitors” to the goals established in the bill and to make recommendations to Congress on policies to overcome these obstacles as well as to address related matters such as carbon capture and storage, nuclear and renewable energy, and the need for upgrading and transitioning the national grid and other energy infrastructure.

The New Era bill contains three main components:

- An intensive effort to transition vehicles to non-petroleum based fuels;
- A robust federal commitment to conservation and energy efficiency; and
- Targeted, responsible domestic production of energy resources.

Converting Cars and Trucks to Non-Oil Fuel Sources to Regain Energy Independence

The New Era legislation funds a \$20 billion “Apollo Project” like effort to support the goal of transitioning 85% of America’s new motor vehicles to non-petroleum-based fuels within 20 years. To accelerate this transition, the legislation includes:

- \$7.5 billion for R&D focused on the major technological barriers to alternative fuel vehicles, such as advanced batteries;
- \$7.5 billion to help U.S. automakers and parts makers re-tool and re-equip to become the world leader in making alternative fuel vehicles;
- Consumer tax credits of up to \$7,500 per vehicle to incentivize Americans to purchase advanced alternative fuel vehicles (those that run primarily on non-petroleum fuels) and up to \$2,500 to retrofit existing vehicles with advanced alternative fuel engines.

Enhancing Conservation

To ease gas prices and protect our environment during the transition, the proposal includes a significant federal commitment to promoting conservation and efficiency. These include:

- Extending renewable energy, carbon mitigation and energy conservation and efficiency tax incentives, including the production tax credit, through 2012 to create greater certainty and spur greater investment;
- New consumer tax credits of up to \$2,500 to purchase highly fuel efficient vehicles, to help Americans reduce their annual gas costs and reduce oil imports;

- Extending and expanding the \$2,500 tax credit for hybrid electric vehicles;
- \$500 million for research and design into new materials and other innovations to improve vehicle fuel efficiency;
- \$2.5 billion in research, design and development on next generation biofuels and infrastructure;
- Tax incentives for the installation of alternative fueling stations, pipelines and other infrastructure;
- Expanding transmission capacity for power from renewable sources;
- New dedicated funding for the weatherization assistance program.

Responsible, Targeted Domestic Energy Production

To help meet our energy needs until our economy transitions to advanced alternative fuel vehicles, the New Era bill increases domestic energy production in environmentally responsible ways. The legislation:

- Provides a CO₂ sequestration credit for use in enhanced oil recovery to increase production from existing oil wells while reducing greenhouse gas emissions;
- Opens additional acreage in the Gulf of Mexico for leasing (in consultation with the Defense Department to ensure that drilling is done in a manner consistent with national security) and allows Virginia, North and South Carolina and Georgia to opt in to leasing off their shores. Retains an environmental buffer zone extending 50 miles offshore where new oil production will not be allowed. Requires all new production to be used domestically. Creates a commission to make recommendations to Congress on future areas that should be considered for leasing. Provides for appropriate revenue sharing for states that allow leasing off their shores;
- Provides grants and loan guarantees for the development of coal-to-liquid fuel plants with carbon capture capability. Plants must have lifecycle greenhouse gas emissions below those of the petroleum fuels they are replacing;
- Supports nuclear energy by increasing staff at the NRC, providing workforce training, accelerating depreciation for nuclear plants, and supporting research and development on spent fuel recycling to reduce nuclear waste.

Offsets

The \$84 billion in investments in conservation and efficiency in the New Era bill will be fully offset with loophole closers and other revenues. Approximately \$30 billion will come from new revenues from the oil and gas industry through such measures as modifying the Section 199 manufacturing deduction for oil and natural gas production and other appropriate measures to ensure that the federal government receives its fair share of revenue from Gulf of Mexico leases. Remaining offsets will be finalized in consultation with the Finance Committee after accounting for interaction effects with other pending legislation.

MEMBERSHIP 2008



The South Dakota Corn Growers Association had the highest membership increase for 2007 and for that achievement, the SDCGA was awarded the use of a 2008 Silverado Flex Fuel vehicle through the National Corn Growers Association membership recruitment program. SDCGA president, Bill Chase, was presented keys in a recognition ceremony during Commodity Classic held in Nashville, TN, earlier this year. The truck was sponsored by AgriSure and Syngenta.

The vehicle was delivered to the SDCGA in July and will be used at area farm shows and events as well as for promotional activities year long.

Check out the membership packages:

3-year SDCGA Membership: \$200

Incentives: \$90 toward seed purchases
12-month subscription to DTN Mobile
\$25 QuickRoots Credit

Lifetime SDCGA Membership: \$800

Incentives: \$150 toward seed purchases
12-month subscription to DTN Mobile
\$25 in ethanol certificates
\$50 in QuickRoots Credit



SDCGA Membership Application

- \$800 Lifetime membership (SDCGA & NCGA)
Includes five \$30 Seed Certificates, \$25 in Ethanol, 12-month subscription to DTN Mobile and \$50 certificate for QuickRoots™
- \$200 Three-year membership (SDCGA & NCGA)
Includes three \$30 Seed Certificates, 12-month subscription to DTN Mobile and \$25 certificate for QuickRoots™
- \$150 One-year membership (SDCGA & NCGA)

Payment Method: (check one)

Check Visa Mastercard

Credit Card No. _____

Expiration Date _____

Name _____

Title _____

Farm/Company Name _____

Membership is to be in: (check one)

Name Farm/Co. Name

Address _____

City _____

State _____ Zip Code _____

County _____

Home Phone _____

Business Phone _____

Cell Phone _____

E-mail Address _____

Spouse's Name _____

For more information contact:
SDCGA at 5109 S. Crossing Place, Ste. 1,
Sioux Falls, SD 57108 or call 605-334-0100.

Membership dues paid to the South Dakota Corn Growers Association are not tax deductible as charitable contributions for income tax purposes. The non-deductible portion of your SDCGA membership dues, allocable to lobbying, is 100 percent.

This is an exciting time for farmers and ranchers in South Dakota with the passage of the 2008 Farm Bill. The 2008 Farm Bill includes many of the same programs with which producers are familiar including the Direct and Counter-cyclical Program (DCP), Marketing Loans and Loan Deficiency Payments (LDP), the Conservation Reserve Program (CRP), Farm Loan Program, and the Non-insured Disaster Program (NAP). Significant changes from the 2002 Farm Bill include a provision for a permanent disaster program and a counter-cyclical program based on revenue for a crop rather than price alone.

The Disaster Trust Fund that was created with the new Farm Bill includes the following areas of producer protection:

Livestock Forage Program (LFP): A feed loss program based on the national drought monitor. To be eligible for the program, producers need to insure all their crops with the Risk Management Agency for insurable crops in their county, and with the Farm Service Agency for non-insurable crops in their county such as grass.

Livestock Indemnity Program (LIP): A program for death losses in excess of normal mortality rates due to adverse weather.

Supplemental Revenue Program (SURE): A disaster program for crop production losses or crop qual-

FARM BILL UPDATE:



By Steve Cutler
*State Executive Director
Farm Service Agency*

ity losses in, or contiguous to, counties that are approved Secretarial Disaster Counties. Producers may also qualify for SURE if their farm (all crops-all counties) suffers more than a 50 percent loss.

Producers must contact their county office to ensure that all crops are covered if they wish to participate in SURE or LFP. It is IMPORTANT to note that for 2008, producers will be given a one-time opportunity to purchase insurance coverage for any crop not currently covered in this growing season (see item 3 above).

For many 2008 crops, the crop insurance and NAP deadlines had passed before the passage of the Farm Bill, therefore Congress

offered producers an opportunity to "buy into" coverage offered by the Disaster Trust Fund. Examples of crops that producers may not have covered by crop insurance or NAP are alfalfa, grass or other mixed forage. The DEADLINE to "buy into" the disaster coverage is September 16, 2008. Producers need to contact their county office if they want to ensure coverage under the disaster provisions of the new Farm Bill.

For 2009, producers must purchase crop insurance protection for all insurable crops, and NAP coverage for all non-insurable crops to be eligible for the Disaster Trust Fund Programs. The DEADLINE for some 2009 crops is September 30, 2008. For producers purchasing Pasture, Rangeland and Forage (PRF) Program protection from crop insurance, the DEADLINE is November 30, 2008.

We look forward to serving South Dakota producers in the administration of the 2008 Farm Bill. I encourage producers, land owners, lenders, crop insurance agents and all interested in agriculture to attend one of our Farm Bill informational meetings. Reading the newsletter and keeping good production records will help producers make good decisions in the coming years.

I thank the Corn Growers for giving me the opportunity to communicate with producers and also for their continuing efforts to keep their members informed on important ag issues.

SD FSA State Executive Director Steve Cutler will host the following meetings to present important deadlines and information included in the New Farm Bill that may affect you.

A Question & Answer session will follow. For more information contact FSA

at 605-352-1160 or online at: <http://www.fsa.usda.gov>.

Date	Event	Time	Location
August 14, Thursday	Turner County Fair	1:30 p.m.	Parker Fairgrounds
September 3, Wednesday	Info Meeting	1:00 p.m.	Extension Building, Howard





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