



Volume 21 • Number 4

December 2005

SDCGA 20th Anniversary celebration promises preeminent speakers, entertainment

Jay Lehr has spent half a century working in the field of agriculture and he is looking forward to another 50 years dedicated to the industry. While approaching age 70 Lehr considers his professional career to be barely half over and he intends to bring his knowledge from the first half of his career to the South Dakota Corn Growers Association Annual Meeting on Jan. 7, 2006.

A self-described optimist in the field, Lehr will describe the "Megatrends in Agriculture" as he kicks off the speaker line-up at the SDCGA event to be held at the Sioux Falls Convention Center.

"I will focus on where agriculture is going, the changes in technology, personnel, changes in the political structure, farm bill, world trade, biotechnology, women in agriculture and more," said Lehr. "My main goal will be to have people walk out of there feeling very positive about what they're doing and the future of agriculture."

Lehr said the biggest problem in agriculture is the farmer does not command the respect of the public and farmers do not speak out on their own behalf.

"We have to become advocates of agriculture," said Lehr. "And every farmer has to be a better businessman. We need to understand inputs, spend less time plowing and more time being better businessmen. By understanding where their costs and profits are, more farmers can bring more profits out of their farms."

While some influences on agriculture are out of farmers' hands such as world trade, political subsidies and prices, Lehr believes the future trends in agriculture are tremendous opportunities.

"I want to keep everybody down on the farm.



The number one crop we produce is the kids that grow up on the farm – farmers collectively produce the best kids in the world," said Lehr. "But less and less kids are following their parents to the farm because there's too much negativism. We want to improve the image of the farm."

During his presentation, Lehr will detail what he says are the Megatrends in Agriculture. Among the top trends are:

- Biotechnology is far and away the number one trend according to Lehr
- Women are and will be playing major roles in ag
- Ethanol and Biodiesel
- Agricultural niches such as growing crops for nutritional purposes
- Organic farming
- Technological changes including precision agriculture, reduced tillage, etc.
- Politics and world trade

Lehr's presentation leads a day full of educational opportunities at the SDCGA 20th Annual Meeting. Also on the agenda is a marketing overview by Arlan Suderman, biotechnology outlook by Nicholas Duck, and farm family relationships by Val Farmer. The SDCGA will review the organization's bylaws and resolutions following the seminars.

The evening's events will feature an elite opportunity to hear from the head of the Environmental Protection Agency, Stephen L. Johnson, as he headlines as the banquet speaker. The evening includes a wine social and silent auction as well as a pork dinner banquet. The grand finale of the evening is a concert by country music stars, BlackHawk. Tickets for SDCGA members for the entire day are just \$25 per person. Call today to RSVP your seat at this one-of-a-kind event! See inside for more details.

QUICK REFERENCE AGENDA

9:30 a.m. – 10:30 a.m.

"Megatrends in Agriculture: Where are we going with the American farm?"

– Jay Lehr

10:45 a.m. – 11:45 a.m.

"Seizing Marketing Opportunities in 2006"

– Arlan Suderman

11:50 a.m. – 12:50 p.m.

Corn Yield Contest Luncheon
Featuring keynote speaker:
S.D. Secretary of Agriculture
Larry Gabriel

1 p.m. – 2 p.m.

"The Outlook for Biotechnology in Agriculture: The Next 10 Years"

– Nicholas Duck

2:10 p.m. – 3:10 p.m.

"Relationships: The True Measure of Farming Success"

– Val Farmer

3:15 p.m. – 5:15 p.m.

SDCGA Resolution Meeting

5:30 p.m.

Wine Social & Silent Auction

6:30 p.m.

Banquet – Featuring EPA Administrator Stephen L. Johnson
Emceed by Jim Woster

8 p.m.

Entertainment by BlackHawk



PRESIDENT'S REPORT

David Gillen, SDCGA President

I'd like to take this opportunity to invite all members and supporters of the South Dakota Corn Growers Association to the 20th Annual Meeting. The upcoming SDCGA Annual Meeting will be the best ever. On Jan. 7, 2006 you have the opportunity to learn how to have a better family life, a more profitable business, and a better understanding of the future of agriculture. The day-long seminars will do this and more.

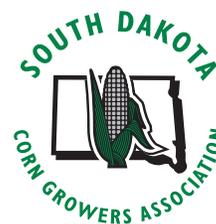
In addition to the educational seminars, a very important part of the Annual Meeting is the resolution process. The resolution meeting will be filled with open discussions of current corn grower issues that affect our farm businesses. This is a chance for members to help set the direction of the SDCGA in our policy and priorities for the upcoming year.

We are honored to welcome the head of the Environmental Protection Agency, Stephen L. Johnson, as our banquet speaker. This is

a rare opportunity to have a leader of his status and caliber address South Dakota corn industry producers and allied industry.

The Annual Meeting banquet is truly an evening of big names and historical, celebrated events. The SDCGA will culminate its Annual Meeting celebration by delivering a Nashville concert - the band BlackHawk - the biggest entertainment offering in SDCGA history.

The evening banquet will be spectacular as we celebrate our 20th year of the SDCGA. If you want to experience a day that you won't forget, join us for our Annual Meeting on January 7 at the Sioux Falls Sheraton Hotel and Convention Center. You'll read previews of the event in the following pages. Be sure to RSVP today at 605-334-0100.



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Mail Dues To: South Dakota Corn Growers Association
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SDCGA Seed Certificate Program

When you sign up to join the SDCGA for 3 years or a lifetime membership, you have the option to receive hybrid seed corn discounts from these supporting seed companies, each worth \$30 off a purchase of \$100 or more.

Your membership is important. Please take the time to join the SDCGA today. We're working hard to add value to the product you grow, and we need your support.

3 year Membership. Please select 3 seed certificates.

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PLUS! 3 year Receives \$15 in Ethanol Enriched Fuel.

TEAR HERE

This is your receipt for membership in the South Dakota Corn Growers Association. Contributions or gifts to the South Dakota Corn Growers Association are not deductible as charitable contributions for federal income tax purposes. However, dues payments are deductible by members as an ordinary and necessary business expense.



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MEMBERSHIP MATTERS



Twenty years ago, a group of corn producers had a vision to establish a voice for South Dakota farmers. Twenty years, a Farm Bill with update basis/yields, an Energy Bill, 14 ethanol plants and countless more successes later, the South Dakota Corn Growers Association has grown into an active and influential commodity organization. And we're ready to celebrate those successes.

But the SDCGA and corn industry wouldn't be where it is today without the confidence and participation of its nearly 1,600 members in the organization. Not long ago, SDCGA membership was at 300. The tremendous growth in membership speaks for the growing influence and strength of the organization and the support of South Dakota corn producers for our efforts. Whether you've been a member for 20 years or two months, you are a part of the SDCGA successes. We want to thank you for your support and congratulate the strides we've made together as an Association by throwing the biggest Annual Meeting in the SDCGA's history.

Please join us on Jan. 7, 2006 at the Sioux Falls Convention Center for a day full of educational opportunities and an evening of entertainment. Also on that day is an opportunity for members to participate in the SDCGA resolution process. Your membership entitles you to a voice in all the policy and priority setting for the organization.

We've had a tremendous year in growing our membership numbers and the SDCGA will be rewarded for that success. Even as we approach 1,600 members, we continue our efforts to increase membership in the SDCGA. With over 12,000 farmers producing corn in South Dakota, we know the opportunity for increasing membership is tremendous. And with each new member, our influence on political issues strengthens and with the continued growth of the ethanol industry and a new farm bill on the horizon, the importance of membership has never been greater. We urge you to keep your membership current and ask you to invite others to join.

By being a member of the SDCGA, you take ownership in your industry. We look forward to celebrating your membership on Jan. 7, 2006 at the 20th Anniversary of the SDCGA.

David Leiseth,
 Chairman, SDCGA Membership Committee

An Evening with the Stars

SDCGA 20th Anniversary featuring BLACKHAWK



Join the South Dakota Corn Growers Association as they mark 20 years of reaching for the stars while leading the South Dakota corn industry to new heights. Corn producers, industry and political leaders will come together to mark the unparalleled achievements of every South Dakota corn producer on Jan. 7, 2006 at the Sioux Falls Convention Center.

This illustrious event will feature cutting edge information, elegant evening banquet and chart topping entertainment. A brilliant speaker line-up of experts in the areas of marketing, biotechnology and family farm relationships will provide producers an inside track in making their business successful.

The head of the Environmental Protection Agency will lead the evening banquet as keynote speaker. The powerhouse vocal trio BlackHawk will top off the day's events as the featured entertainment. Make plans to attend the biggest ag event to hit South Dakota as Nashville stars join South Dakota stars in celebrating the 20th Anniversary of the SDCGA during their Annual Meeting. Tickets for SDCGA members are \$25 and for non-members, \$50. That covers the cost of the entire day's events including seminars, meals and entertainment.

Register TODAY by calling 605-334-0100.

Annual Meeting Agenda

- 9:30 a.m. – 10:30 a.m.** "Megatrends in Agriculture: Where are we going with the American farm?" – Jay Lehr
- 10:45 a.m. – 11:45 a.m.** "Seizing Marketing Opportunities in 2006" – Arlan Suderman
- 11:50 a.m. – 12:50 p.m.** Corn Yield Contest Luncheon
Featuring keynote speaker: S.D. Secretary of Agriculture Larry Gabriel
- 1 p.m. – 2 p.m.** "The Outlook for Biotechnology in Agriculture: The Next 10 Years" – Nicholas Duck
- 2:10 p.m. – 3:10 p.m.** "Relationships: The True Measure of Farming Success" - Val Farmer
- 3:15 p.m. – 5:15 p.m.** SDCGA Resolution Meeting
- 5:30 p.m.** Wine Social & Silent Auction
- 6:30 p.m.** Banquet
Emceed by Jim Woster
- 8 p.m.** Entertainment by BlackHawk

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BANQUET KEYNOTE SPEAKER

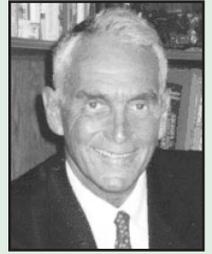


Stephen L. Johnson
EPA Administrator

The SDCGA is excited to host the head of the Environmental Protection Agency as their 20th Anniversary Annual Meeting banquet speaker. Don't miss this rare opportunity!

SEMINAR SPEAKERS

Jay Lehr: In his program "Megatrends in Agriculture" Dr. Lehr will apply his half century of Agricultural experience to his crystal ball and explain from the simple to the complex why farming has a bright future. To begin, he has declared the ethanol war over and won by the corn interests. Precision agriculture using GPS, GIS and Variable Rate technology will improve corn yields as will reduced tillage and advancing genetically modified seeds. Biotechnology will increasingly allow us to grow energy, material and medicines as well as foods. A strong back, a strong mind and a positive attitude will keep the American farmer on top in the coming decades.



Arlan Suderman has devoted his career to helping farmers manage their operations by developing risk management and marketing tools for producers. In his presentation, Suderman will combine his experience as a past marketing consultant and current market analyst for *Farm Futures* magazine to give producers perspective and an inside track on crop and commodity marketing and risk management tools. Suderman also is the Marketing & Management Editor at Farm Progress Companies for which he writes regular market outlooks for the publications and provides daily in-depth crop marketing commentary.

Nicholas Duck will share with audiences his unique perspective from being on the front lines of biotechnology development over the past 10 years. He has successfully led several alliance projects to commercial success working for Monsanto, Ciba-Geigy and Pioneer Hi-Bred. Much of his research has focused on insect resistance in transgenic plants. Duck was part of the teams that developed Maximizer™ and Hurculex™ corn borer resistant corn and root-worm resistance corn at Pioneer Hi-Bred. Currently, Duck is vice president of research for Athenix Corporation, a leading biotechnology company that discovers and develops novel products, technologies and processes for the agriculture and chemical business. During his presentation Duck will give producers the edge in knowing how future traits will impact the face of agriculture.



Val Farmer: What good is farming if it doesn't provide for the happiness and well-being of all those who are connected with it? Dr. Farmer will discuss what he wishes farm families knew about key relationships, how to improve them and to give them the priority they deserve while dealing with the stress and challenges in modern agriculture. You will learn many specifics on how to make your relationships glisten and shine brighter than any farmyard, fields or machinery ever could.



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FARM BUSINESS PLANNING WORKSHOPS

AS 301

Leading Your Farm Business

January 16-17, 2006

Ramkota Inn, Sioux Falls, SD

DAY ONE

- 8:30 a.m. **Competitive Advantages**
- Identify competitive advantages of operation
 - How and why to use business plan

Business Plan Introduction

- Outline business plan sections
- Describe the uses of a business plan
- Keeping the business plan current
- Setting goals

Mission Statement

- Develop a mission statement for the operation

Current Business Description

- Ownership description
- Operation history
- Operating philosophy
- Non-financial resources
- Enterprises/profit centers
- Marketing Plan
- Management Information System (MIS)

5:00 p.m. **Adjourn**

DAY TWO

- 8:00 a.m. **Current Business Description** (continued)
- Financial summary
 - Owners attitude toward growth
 - Owners attitude toward debt/equity

Future Objectives

- Business goals
- Personal goals
- Implementation ideas to achieve goals

Define Support Documentation

- Identify and describe financial resources for operation
- Physical assets
- Organization structure
- Personnel bio, etc.

Financing Proposal

5:00 p.m. **Adjourn**



AS 103

Taking Action to Improve Performance

February 14-15, 2006

The Watertown Event Center

Ramkota Hotel, Watertown, SD

DAY ONE

8:30 a.m. **Introduction**

Basic Accounting

Participants of this training session should learn to:

- Understand and know the four parts of every business
- Understand important accounting terminology
- Understand the difference between Cash and Accrual Accounting
- Understand the flow of money in accounting terms
- Understand inflation's impact on accounting
- Understand the impact of profits and inflation on financial results

Agriculture Producer Study

Financial Performance Analysis

Participants of this training session will be able to:

- Analyze the financial performance of an operation
- Identify historical opportunity/problem areas
- Determine the historical capacity of the operation
- Measure the historical operating efficiency of the operation
- Analyze their business financial performance
- Determine financial strengths and weaknesses of their business financial performance

5:00 **Adjourn**

DAY TWO

8:00 a.m. **Financial Performance Analysis** (continued)

Taking Control

Using case studies, worksheets and examples, participants will be able to:

- Project desired financial performance for the next two years
- Build high level action plans to support projected financial performance
- Learn how to begin controlling their business
- Learn the change issues associated with controlling their business
- Understand the trade-off between "I want" and what I must give up or the price I must pay to achieve what "I want"
- Evaluate and project opportunities
- Correct problems through high level projections

5:00 p.m. **Adjourn**



AS 104

Growth and Debt Funding

February 16-17, 2006

Holiday Inn, Mitchell, SD

DAY ONE

8:30 a.m. **Introduction**

Asset Management

Debt Control & Lender Communications

Concepts & Overview

Total Debt Analysis

5:00 p.m. **Adjourn**

DAY TWO

8:00 a.m. **Review of Day One**

Total Debt Analysis

 (continued)

Analyzing Liquidity

Total Debt & Liquidity Combined

Equity Management

5:00 p.m. **Adjourn**



CALL 605-334-0100 TO REGISTER FOR THESE SEMINARS



Showplots... the results are in!

The South Dakota Corn Growers Association (SDCGA) 2005 Showplot Program has yielded tremendous results this year. Fifteen producers planted plots, nine of which were Roundup Ready corn and six were conventional corn showplots. Producers compared various corn hybrids side by side under growing conditions unique to their areas of the state. Yields ranged from an average of 2 bushels an acre up to the reported high of 215 bushels an acre. One plot was not harvested.

As usual, weather conditions played a big role in corn yields. Most regions experienced warmer than normal temperatures throughout the growing season, which ultimately lead to corn maturing early and moistures low at harvest. Most corn growing areas of the state had a wet spring. Following the wet spring some areas turned dry while other regions of the state received plenty of moisture through out the growing season. We thank the cooperators and the corn industry for their participation in this valuable program.

SDCGA provided information to all of its members on genetically enhanced corn, encouraging them to "Know Before You Grow" in the spring and make hybrid selections that would be readily marketable in their area at harvest.

The showplot results book will be arriving in SDCGA members' mailboxes soon. The SDCGA is always looking to expand the showplot program. If you are interested in becoming a showplot cooperator, please contact Paul Skiles at the SDCGA office at (605) 334-0100.

Showplot results have been posted on the S.D. Corn website as producers harvested and reported their results. Go to www.sdcorn.org to view the results today!

2005 Showplot Cooperators:

Reid Jensen – Burbank
Darrin Ihnen – Hurley
Jake Volkers – Brookings
John Kittleson – Henry
Joe and Keith Ebbers – Castlewood
Shawn & Kelly Olsen – Hayti
Jim Thyen – Waverly
Mike Hunter, Kirk Olson & Bill Chase – Huron
Rodney Bade – Northville
David Reinesch – White Lake
Mike Gilbertz – White Lake
David Gillen – White Lake
Mark Garber – Pierre
Scott Sperry – Bath
Justin Bieber – Bowdle



What's Up



in the Industry

By the Red River Farm Network

→ 4 Billion Threshold

The Renewable Fuels Association reports the U.S. ethanol industry is now producing at a rate of more than four billion gallons per year. RFA President Bob Dinneen says that news answers skeptics who questioned whether the ethanol industry would be able to meet the Renewable Fuels Standard of four billion gallons in 2006.

→ 25 x 25

By the year 2025, the Ag Energy Work Group wants to see 25 percent of the total energy consumed in the United States coming from agriculture. With rising energy prices, renewable fuels are gaining more attention, but project coordinator, Ernie Shay says the '25 by 25' concept goes beyond that. "America's open space; our farms and our ranches can become the new production centers for feedstocks that improve farm income, that benefit rural communities, that help clean up the environment, that address the whole national security concern about our dependence on foreign oil; it's really about home-grown energy solutions." The Ag Energy Work Group is completing an economic analysis to determine the financial impact on Rural America.

→ S.D. Certified Beef Program is Up and Running

South Dakota Secretary of Agriculture Larry Gabriel, says a producer has to be licensed to grow South Dakota Certified Beef. Some certified cattle have dropped out of the program, but Gabriel says the source and age-verification program is still important. "If those animals go to Nebraska, or Kansas, or wherever to be finished, they can still use our enrolled cattle program to verify that they were born on a certain

day or certain month, and that they came from a given premise here in South Dakota," said Gabriel, "When Japan and Korea open their borders to U.S. beef, the beef from those animals will mostly likely be the strongest candidates to begin exports to those Asian markets." South Dakota Certified Beef is now available at some restaurants in southeastern South Dakota.

→ Beef Outlook

South Dakota State University Extension Economist Matt Diersen says beef production has not kept up with expectations. "It's kind of given the market a little bit of a surprise, and that's kept fed-cattle prices high," said Diersen, "If you look at the breakdown of what's in feedlots right now, we've got a fairly large ratio of steers to heifers on feed; producers are holding back heifers, most likely for expansion and that's kind of limited the number of cattle available to go into feedlots and that's helped to keep prices up there."

→ Winterizing your Cows

Winter feed costs are the largest expense for a cow/calf operation. According to University of Minnesota Extension Beef Specialist, Ryon Walker, colder weather means energy requirements will need an increase. "Know the nutrient values of the forages that you have and make sure they match up with what that cow needs during the wintertime," advises Walker.

→ Five Day Fair

The South Dakota State Fair has been shortened to five days. Secretary of Agriculture Larry Gabriel says the decision was made so South Dakota can have a full fair. "What we mean by five full days is the first livestock shows are going to be started at eight o'clock on Thursday morning; the last shows will get over with sometime around six or seven o'clock on Monday evening." The new fair will run the Thursday before Labor Day and end on Labor Day.

→ South Dakota Energy Board Named

Governor Mike Rounds has appointed five members to the South Dakota Energy Infrastructure Authority. Members include South Dakota Farm Bureau Executive Director Mike Held and the manager of the South Dakota Rural Electric Association Audry Ricketts. This board studies energy production and transmission issues in South Dakota.

→ USDA Busy with LDP's

The USDA is sending out a lot of cash, in the form of loan deficiency payments, to farmers. "Demand for LDP's this year has been enormous," said Mike Yost, Associate Administrator of USDA's Farm Service Agency, "Overall, for loan deficiency payments this fall, we made \$3 billion in payments." Yost, who is a says the FSA will soon review the way it establishes posted county prices.

→ TJ Technologies Nurtures Root Development

A Brookings, South Dakota company is using a bacteria/fungi combination to increase crop yields. "The product is applied to the seed, then as the seed germinates the bacteria and fungi colonize the root and cause a visible change in the soil structure that allows the root to explore a greater volume of soil, which is the key to higher yields," said Tom Johnson of TJ Technologies. TJ Quick Roots is a patented combination.

→ 'Keep Your Eye on the Real Prize'

That was the message Jay Truitt offered when speaking to the South Dakota Cattlemen's Association. The National Cattlemen's Beef Association Vice-President of Government Affairs reminded producers to focus on the pocketbook issues. "I get worried sometimes that the real

issues are going to get lost because we like to talk about the almost spiritual issues, like labeling, but, it is about making money at the end the day and trying to make sure cattlemen are profitable." Truitt says the '07 Farm Bill will have a significant impact on agriculture and deserves more attention.

→ Tight N Supplies

While not in panic mode yet, a leading fertilizer supplier is warning supplies will be tight next spring. "My biggest concern is spring; the prices are so high with the offsetting natural gas price that not many manufacturers are going to be willing to put product into the marketplace where it's going to be needed, in hopes that dealers will buy in the spring; they're looking for commitments today, in order to manufacture that product and have it available for spring," said Bruce Vernon, Director of Crop Nutrients Marketing for Agrilience.

→ New Nitrogen Guidelines

Eight Midwestern states have issued new nitrogen guidelines. These new standards are not based on yield goals. "They are based now on soil productivity and they also included a new economic standpoint," said John Lamb, University of Minnesota Extension Educator.

→ Japan Beef Update

The Japanese Food Safety Commission has wrapped up a series of public meetings on the safety of U.S. beef. Japanese consumer groups and agriculture interests voiced opposition to the resumption of beef imports from the United States and Canada. The commission will compile the data from these public meetings and will make recommendations on the beef ban in early December.

→ NPPC Wants Animal ID System in Place by '08

The National Pork Producers Council President-elect Joy Philippi says the ID program should remain species-specific. "We believe we have a system that worked for PRV eradication and we can enhance that; other groups would like to take some systems that they can build themselves." Philippi says pork producers have been among the first to register their premises. "We don't have some of the fears that other businesses have because we have had mandatory ID since 1987."

→ Canada Rail

Canada has agreed to lease 12,000 grain cars to the Farmer Rail Car Coalition. A final approval of the lease-purchase agreement is expected in 2006. The government says it would lease the grain cars for five years before the coalition would be able to buy them outright.

→ No Go for GMO

Voters in Switzerland backed a five-year ban on the farming of biotech crops. Nearly 56 percent of voters approved the ban. The vote is seen as an indication of Europe's continued distrust in biotechnology. Coincidentally, one of the largest biotech firms in the world, Syngenta, is based in Basel, Switzerland.

→ Farm Payments Study

A South Dakota State University study of farm program payments in the state shows that the top 20 percent of recipients receive about 70 percent of the money. The bottom 60 percent received 11 to 12 percent of farm program payments. SDSU economics professor Larry Janssen and former SDSU graduate student Yonas Hamda studied farm payments in South Dakota from 1991 through 2001. The study showed the average recipient in South Dakota received about \$11,300 a year, between 1996 and 2001.

NATIONAL LEGISLATIVE NEWS

The last quarter of 2005 saw some important action take place on Capitol Hill. The farm bill was kept in tact, though some reductions in spending were implemented because of budget reconciliations. National ethanol legislation has been proposed including one bill cosponsored by South Dakota Rep. Stephanie Herseth.

Payment limitations amendment defeated

The Senate defeated the payment limitations amendment offered by Sens. Charles Grassley (R-Iowa) and Byron Dorgan (D-N.D.) to the FY2006 Budget Reconciliation bill. The amendment was struck down 53-46. Because of the vote, no changes will be made to provisions outlined in the 2002 farm bill for payment limitations or other provisions in the bill, such as considerations related to conservation, nutrition and export programs.

"NCGA has taken the position that any fundamental changes to current farm policy before 2007 should be avoided," said Sam Willett, NCGA senior director of public policy. "Changing programs and the rules midstream would disrupt the long-term planning and financial decisions of too many farmers."

The major provisions of the amendment included:

- Reduce payment limits from \$360,000 to \$250,000
- Eliminate the three entity rule
- Require direct attribution
- Mandate a measurable standard to show producers are actively engaged in farming.

Ethanol legislation introduced

Three bills were introduced in Congress in November that aimed to

shape the future use of ethanol in America. A House bill, cosponsored by Herseth, shoots for every gallon of gasoline to contain 10 percent of a renewable fuel by 2010. Another House bill would call for all fuel to contain 10 percent renewable fuels by 2015 and 20 percent by 2025. A Senate bill sets goals for automakers to produce flex-fuel vehicles every 10 years. While the bills stand little chance of passing in their current form, the fact Congress is finally recognizing renewable fuels as a major component of future energy policy is an important step.

Meanwhile, Democrats are taking a bold stand on biofuels as Democratic Leader Nancy Pelosi introduced the Democratic Caucus' "Innovation for the 21st Century Agenda," which includes a commitment to biofuels as a key of the national energy strategy. In her role as co-chair of the House Rural Working Group, Herseth has persuaded her colleagues to use a home-grown fuel from the Midwest rather than oil from the Middle East. Herseth said, "This move marks a significant shift in the debate, from whether we should expand the use the biofuels, to a debate about what investments need to be made to achieve energy independence based on homegrown biofuels. The goal is to achieve total dependence from foreign oil in 10 years by encouraging investments in biofuels."

Budget Reconciliation

The Senate and House passed their agriculture budget reconciliation packages in October. The House cut \$3.507 billion over the next five years. There will be \$555 million in cuts for FY 2006. The rest of the \$2.952 billion will come in fiscal years 2007-2010. Commodity programs will see cuts of \$1.007 billion over five years, with \$553 million in cuts coming for

FY2006. The Conservation Security Program did not contain any cuts for FY2006, but the program will be scaled back \$760 million from its original projections for 2007-2010.

The Senate's bill reduces spending by \$196 million in fiscal year 2006 and \$3.014 billion over the next five years covering fiscal years 2006 through 2010.

Countercyclical Payments

The U.S. Department of Agriculture announced its first partial countercyclical payments for the 2005-2006 marketing year.

Corn's total projected rate is 40 cents per bushel, and the first partial rate is 14 cents per bushel.

Growers began to receive the first partial rate in October, will receive the second in February and again at the end of the marketing year in August.

Growers may receive countercyclical payments when the effective prices for eligible commodities are less than their target prices set in the 2002 farm bill. The effective price equals the direct payment rate plus the higher of either the national average market price received by growers during the marketing year or the national average loan rate for the commodity. The countercyclical payment is calculated by multiplying the payment rate by 85 percent of the farm's base acreage and then multiplying that number by the farm's countercyclical payment yield for each crop.

In early October, USDA established the final payment rate for the 2004-2005 marketing year at 29 cents per bushel for corn.



S.D. FFV Purchase Announced



South Dakota Gov. Mike Rounds recently announced the State will purchase 251 flex fuel vehicles (FFV) for its fleet, making way for greater use of E-85 fuel in the state. The State's order of FFV is 82 percent of their total order of new vehicles, and will bring the total number of FFV in the state fleet to 562 units or 17.5 percent of all fleet units. South Dakota has 11 operating ethanol plants and three more are expected to be online by 2006. Approximately 275 million bushels of South Dakota corn will be used for ethanol by December 2006.

Risk Management Seminars

Over 125 producers attended a Risk Management Seminar in their area hosted by the South Dakota Corn Growers Association and the USDA Risk Management Agency. The program was delivered to three locations over three days and provided valuable information to farmers.

The series started on Nov. 14 in Pierre, S.D., moved to Huron on Nov. 15 and completed in Brookings on Nov. 16. Four experts in the area of risk management strategies traveled to each location and educated producers in increasing financial success, crop insurance, specialty crops and Asian Soybean Rust.

The room was packed during the Risk Management Seminars 2005 where producers learned techniques to hedge risk from various speakers.



Alan Lash of AgriSolutions presents strategies during Risk Management Seminars 2005.



"CORN"

COOKING

Smoke Stack Cheesy Corn Bake

This recipe is from Fiorella's Jack Stack Barbecue in Kansas City, MO.

- 2 tablespoons butter or margarine
- 4 teaspoons flour
- 1/8 teaspoon garlic powder
- 3/4 cup milk
- 1 1/2 cups sharp American cheese, shredded
- 1 (3 ounce) package cream cheese, cut up
- 3 (10 ounce) packages frozen whole kernel corn, thawed
- 3 ounces diced ham

Melt butter; stir in flour and garlic powder. Add milk; cook & stir over medium heat. Heat until thick and bubbly; stir in cheeses. Cook/stir over low heat until cheeses melt; stir in corn & ham. Bake in 2 qt casserole for 45 minutes at 350.

Caramel Corn Snack Mix

INGREDIENTS:

- 8 cups popped popcorn
- 4 cups crispy rice cereal squares
- 2 cups small pretzel twists
- 1 cup pecan halves
- 1 cup packed brown sugar
- 1/2 cup butter
- 1/4 cup light corn syrup
- 1 teaspoon vanilla extract
- 1/2 teaspoon baking soda

DIRECTIONS:

Preheat oven to 300 degrees F (150 degrees C). In a large bowl, combine the popcorn, cereal, pretzels and pecans. In a saucepan over medium heat, combine the brown sugar, butter and corn syrup. Cook and stir until mixture comes to a boil. Reduce heat to medium low; cook without stirring for 5 minutes. Remove saucepan from heat and stir in vanilla and baking soda. Pour over popcorn mixture and toss until evenly coated. Bake at 300 degrees F (150 degrees F) for 30 minutes, stirring after 15 minutes. Transfer to large piece of parchment paper and cool completely. Break into chunks once cool.

EXPORT UPDATE ●●●●

• **Morocco's first shipment of distiller's dried grains with solubles (DDGS) will be on its way later this month.** The U.S. Grains Council learned recently that a long-term partner in Morocco finalized an order for 4,000-5,000 metric tons of DDGS for December/January loading. Both the feed miller and importer were first introduced to DDGS in 2003 when they participated in the Council's Value Enhanced Grain (VEG) Conference in Minneapolis and toured an ethanol plant. They finalized the DDGS deal last week when they both attended a Council-sponsored Grain and Feed Trade Association (GAFTA) training program in Cairo. Morocco reduced the duty on DDGS imports from 32.5 percent to 2.5 percent in August of this year, creating an opportunity for imports. The Council has begun working with the feed miller to ensure that they are successful in the use of this product, especially important since the Moroccan feed milling industry will be watching their results closely.

• **The nutritional and economic benefits of corn gluten feed (CGF) in ruminant diets were the focus of a USGC-sponsored conference in Tunisia,** which highlighted the results of the U.S. Grains Council's recent dairy feeding trial using CGF. More than 130 Tunisian participants - representing every aspect of the ruminant sector including feed millers, importers, nutritionists and farmers - attended the meeting. This program concludes a very active year during which the Council promoted the use of CGF as an alternative to expensive imported wheat bran, with the potential to reduce the final feed price by \$30 a ton. Through a systematic lobbying campaign by local feed millers and importers, the government was persuaded to lower the duties on a trial quantity of 10,000 metric tons, which was immediately ordered by two feed mills. The event was particularly timely following the recent announcement by the Tunisian government that the import quota for CGF was raised to 30,000 tons. The Council is now supporting efforts to eliminate the quota on CGF imports completely.

• **The U.S. Grains Council recently began its second year of biotech corn demonstration plots in South Africa.** The Council is administering eight demonstration plots located throughout South Africa with AfricaBio, a non-political, non-profit association for the safe, ethical and responsible research, development and application of biotechnology and its products. The first year of the program demonstrated the yield increases and decreased stalk borer damage achieved by planting biotech versus conventional corn. The results of the program are showcased to international decision leaders involved in the development of national biosafety regulations.

THE Olinger REPORT

by Ron Olinger



SDCGA Lobbyist-Pierre

Senator Bill Napoli from Rapid City has initiated a constitutional amendment that limits the assessment of real property. It has sufficient signatures to place it on the ballot in November of 2006. It provides that the applicable year to begin using assessments is 2003 and that the 2003 assessed value of the property becomes its base year for the valuation procedure. As long as you don't sell the property there is no re-assessment of the property based on other comparable sales and the amount of the assessment cannot be increased by any more than 3 percent as determined by the Legislature. However, if the land is sold the assessed valuation becomes its selling price.

Values of property may be further adjusted if there is a change in use or classification or on account of any addition, improvement or destruction to the property. This amendment would lock in our current unequal assessment of property of equal value and will actually continue to make that assessment differentiation between like property expand since the sale of a property will cause its assessed value to be valued at the selling price which will be higher than the 2003 assessed value of like real estate.

Traditionally, in times of rising prices in farmland such as we have experienced assessments lag. Thus, sales tend to be higher than assessed values for properties of equal value.

Thus, all types of schemes and devices will have to be used such as occurred in California to avoid a direct sale. This applies to residential and commercial real estate as well as farm land. Some of these would be such things as transferring the property to a corporation or limited liability company and then transferring the stock. This would be difficult in many cases in regard to farm land because of our anti-corporate farming laws.

This Constitutional Amendment is completely opposed to the concept that property of like value should pay like taxes. It is designed to protect property owners from increased assessments because their property becomes more valuable.

I would leave to each of you the consideration as to what the passage of this Initiated Constitutional Amendment which comes up for vote next November will cause in our economy in South Dakota. Remember, this applies not only to agricultural property but to business property and residential property. Will this cause the expansion of businesses and house construction in the state to decline because of much higher assessed valuations on newly purchased properties? What affect will this have on the contractor's excise tax and other taxes in the commercial and home building industries? This proposed constitutional amendment will cause like properties setting side by side to be taxed in such a manner as one would be taxed at less than one-half of the other, even though they were identical. Is that fair?

No position has been taken by the South Dakota Corn Growers at this time in regard to the Napoli Initiated Constitutional Amendment and the opinion expressed in this column is those of the writer.

Calendar of Events

DECEMBER 8-9, 2005

SDCGA "Managerial Analysis" Workshop
Sioux Falls Ramkota

JANUARY 7, 2005

SDCGA Annual Meeting
Sioux Falls, SD

JANUARY 10, 2005

SD State Legislature Starts
Pierre, SD

JANUARY 11-12, 2005

NCGA Priority & Policy Conference
St Louis, MO

JANUARY 16-17, 2006

SDCGA Writing a Business Plan Workshop
Sioux Falls Ramkota

JANUARY 30, 2005

Ag Fest
Pierre, SD

JANUARY 31, 2006

Livestock Day at the Capitol
Pierre, SD

FEBRUARY 1, 2006

Ethanol Day at the Capitol
Pierre, SD

FEBRUARY 12-15, 2006

U.S. Grains Council Annual Meeting
Tuscon, Arizona

FEBRUARY 14-15, 2006

SDCGA Farm Business Planning Workshop
Watertown Ramkota

FEBRUARY 16-17, 2006

SDCGA Farm Business Planning Workshop
Mitchell Holiday Inn

MARCH 2-4, 2006

Commodity Classic
Anaheim, CA

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