CORNHUSKER ECONOMICS

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LB 550: Livestock Expansion Proposal

Market Report	Yr Ago	4 Wks Ago	1/3/14
Livestock and Products, Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	$128.50	$131.48	$138.86
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	171.79	189.26	205.20
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	152.37	168.56	172.30
Choice Boxed Beef, 600-750 lb. Carcass	194.32	202.65	200.83
Western Corn Belt Base Hog Price Carcass, Negotiated	81.20	77.56	78.67
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean	82.80	89.37	83.05
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct	+	162.38	+
National Carcass Lamb Cutout, FOB	299.69	359.11	364.03
Crops, Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu.	7.39	6.57	6.10
Corn, No. 2, Yellow Nebraska City, bu.	6.95	4.16	4.11
Soybeans, No. 1, Yellow Nebraska City, bu.	13.94	12.98	12.51
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	1.54	7.32	7.18
Oats, No. 2, Heavy Minneapolis, MN , bu.	3.46	3.73	3.79
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	+	225.00	220.00
Alfalfa, Large Rounds, Good Platte Valley, ton.	230.00	135.00	130.00
Grass Hay, Large Rounds, Good Nebraska, ton.	212.50	115.00	95.00
Dried Distillers Grains, 10% Moisture, Nebraska Average.	266.25	220.00	190.00
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	97.88	61.00	61.50

+ No Market

Livestock expansion has been a controversial legislative issue in Nebraska. But a bill introduced in 2013 takes a less controversial approach. This newsletter discusses LB550 and its implications for livestock development in Nebraska.

So, what is LB550? LB550 was introduced by Senator Ken Schliz of Ogallala. It would do several things to encourage additional livestock development in Nebraska.

What would those changes be? First, the state could make infrastructure loans to livestock friendly counties. Second, the Nebraska Department of Environmental Quality (DEQ) could provide technical assistance to counties considering zoning applications for animal feeding operations. And third, livestock developers would be eligible for larger state investment tax credits.

So how would the infrastructure loans work? This part of LB550 aplies to counties designated as livestock friendly by the Nebraska Department of Agriculture. Twenty-three counties have been designated livestock friendly: Adams, Banner, Box Butte, Cuming, Dawes, Deuel, Dodge, Gage, Garden, Grant, Hitchcock, Holt, Jefferson, Keith, Kimball, Lincoln, Morrill, Saline, Scotts Bluff, Sheridan, Wayne and Webster. Those counties (as well as any other counties receiving a state livestock friendly designation), would be eligible for no-interest infrastructure loans to upgrade roads, bridges, etc., in order to accommodate new livestock facilities within the county.

How about the Department of Environmental Quality zoning assistance? This provision would apply

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to any county that requested it. If a county were considering a zoning application for a new or expanded livestock operation, it could ask the DEQ to help the county find the best location for the livestock operation in order to minimize odors and other livestock nuisance factors for facility neighbors. The DEQ could also advise the county regarding, e.g., any ground water quality concerns. This would be a county option, not a requirement.

How would the increased state tax credits work? LB550 would increase the ten percent Nebraska investment tax credit maximum ceiling from $30,000 to $150,000, which would allow funding for larger facilities. In addition, the bill would increase the amount of state financial assistance targeted for livestock facilities from $1 million/year to $2.5 million per year.

Who supported the bill? Supporters included the Pork Producers Association, the Cattlemen, the Dairymen's Association, the Soybean Association, the Corn Growers, the Farm Bureau, the Bankers Association and the Nebraska Association of County Officials.

Were there any opponents? One - the Nebraska Farmers Union. University of Nebraska-Lincoln professors Eric Thompson and Bruce Johnson spoke in a neutral capacity, describing the economic benefits of livestock development in Nebraska. The Alliance for the Future of Agriculture in Nebraska (AFAN) also spoke in a neutral capacity, but in general support of LB550.

Was there anything surprising about the LB 550 public hearing? In the past, Nebraska counties have opposed legislative efforts that could have led to restricting county zoning authority over livestock facilities. So their support of LB550 is an indication that it is a consensus proposal with widespread support among agricultural and rural groups. The opposition of the Farmers Union suggests there is not unanimous support, but this is more widespread political support than any other livestock development proposal has had in recent years.

So, what do you think will happen? LB550 is still in the Agriculture Committee, but I would expect the committee to vote the bill out early in 2014. Because it is taking a more moderate approach to livestock expansion, I would expect it to have a good shot at being enacted in 2014. And a tip of the hat to those who developed LB550 - it could break the livestock development policy impasse that we've had for a long time.

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