

# Cornhusker Economics

## 2015 Legislative Review & 2016 Preview

Market Report	Year Ago	4 Wks Ago	1-15-16
<b>Livestock and Products.</b>			
<b>Weekly Average</b>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight. . . . .	161.99	116.36	132.37
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb. . . . .	293.99	181.56	193.45
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb. . . . .	219.44	153.11	158.35
Choice Boxed Beef, 600-750 lb. Carcass. . . . .	261.51	203.13	234.67
Western Corn Belt Base Hog Price Carcass, Negotiated. . . . .	71.31	51.32	52.58
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean. . . . .	83.38	72.81	71.69
Slaughter Lambs, woolled and shorn, 135-165 lb. National. . . . .	*	146.22	135.97
National Carcass Lamb Cutout FOB. . . . .	375.09	360.03	354.18
<b>Crops.</b>			
<b>Daily Spot Prices</b>			
Wheat, No. 1, H.W.			
Imperial, bu. . . . .	5.19	3.98	3.94
Corn, No. 2, Yellow Nebraska City, bu. . . . .	3.59	3.51	3.41
Soybeans, No. 1, Yellow Nebraska City, bu. . . . .	9.32	8.28	8.35
Grain Sorghum, No.2, Yellow Dorchester, cwt. . . . .	7.09	5.73	5.59
Oats, No. 2, Heavy Minneapolis, Mn, bu. . . . .	3.21	2.87	2.54
<b>Feed</b>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton. . . . .	212.50	177.50	*
Alfalfa, Large Rounds, Good Platte Valley, ton. . . . .	75.00	77.50	82.50
Grass Hay, Large Rounds, Good Nebraska, ton. . . . .	82.50	85.00	85.00
Dried Distillers Grains, 10% Moisture Nebraska Average. . . . .	175.00	132.00	135.50
Wet Distillers Grains, 65-70% Moisture Nebraska Average. . . . .	56.50	51.00	52.00
* No Market			

This newsletter reviews major 2015 legislation affecting agriculture and briefly previews some potential issues in 2016.

**What were the main ag and natural resource issues in the 2015 legislative session?** Grain elevator failure, agritourism, livestock development, and EPA power plant regulations.

**What was the grain elevator bill?** LB183 (Sen. Johnson, Wahoo) addresses some issues from the 2014 Pierce grain elevator failure, particularly regarding payment on bad grain checks. Now, for a grain producer to recover on a bad grain check, the producer must first request payment within 15 days of the last grain delivery—a shorter deadline than previously. Second, the producer must cash the check within 15 days of receipt. Third, if the check bounces, the producer has 15 days to report the bad check to the Nebraska Public Service Commission (which regulates grain elevators).

**How important are these three deadlines?** Very important: if the producer misses any single deadline, the producer won't recover on the bad grain check.

**Anything else?** Yes--LB183 also excludes commercial grain buyers from those able to recover on a grain dealer insurance bond. In the Pierce elevator failure, over half the insurance payments went to commercial grain buyers. LB183 now limits recovery to grain producers, but they must meet all three of the 15-day deadlines.

**What happened with agritourism liability?** LB329 (Sen. Schilz, Ogallala) provides limited personal injury liability protection for qualifying agritourism operations. LB329 is intended to reduce agritourism liability insurance costs, encouraging more producers to engage in commercial outdoor recreation and other agritourism enterprises. This is a pretty important change which could lead to more farmers and ranchers taking a look at agritourism options for their operations.

**We know that livestock development was important in 2015.** That's right and two proposals were enacted into law. LB106 (Sen. Watermeier, Syracuse) directs the Nebraska Department of Agriculture to develop a zoning evaluation matrix (checklist) to assist counties in considering proposed livestock developments. Counties are not required to adopt or follow the state matrix in making zoning decisions.

**And the other livestock development bill is?**

LB175 (Sen. Schilz) increases the maximum state investment tax credit for new livestock facilities from \$30,000 to \$150,000. So larger operations can qualify.

**How would you summarize the 2015 legislative session for agriculture?** The elevator failure bill and the agritourism bill were both very important. LB183 tightens up the process for pursuing claims for bad grain checks, but also increases the insurance amount that would be available to producers. So it was a big step forward.

**And agritourism?** High liability insurance costs have been the biggest issue obstacle to farmers and ranchers getting involved in commercial outdoor recreation. LB329 is a big step to bring those insurance premiums down. If insurance costs do come down, more producers might take a harder look at getting in the outdoor recreation business—which would be great for rural Nebraska.

**What about livestock development?** LB106 could end up having a big impact on county livestock zoning decisions down the road. County zoning can be a barrier to new livestock development, and the state livestock zoning matrix could be a useful tool bringing more consistency to county zoning decisions. Counties will be able to decide whether to use the matrix, and whether to modify it to reflect local circumstances better. But if they do use it, that could lead to livestock operators having a better idea of whether they can expect zoning approval for a proposed operation, and that transparency can only be a good thing.

**What issues will we see in 2016?** Packer feeding, clean energy, and property taxes.

**What was the packer feeding bill?** LB176 (Sen. Schilz) would authorize meatpackers to own swine and contract to have their swine custom fed by Nebraska producers. Supporters say LB176 would provide opportunities for younger producers to get started in swine production, and would help keep meatpackers in Nebraska instead of moving to Iowa where packer feeding is legal. Opponents say LB176 would give meatpackers too much influence over Nebraska swine markets. LB176 had enough votes for enactment in 2015, but not enough votes to end a filibuster. But I think Sen. Schilz will try again.

**What about clean energy incentives?** LB423 would increase state tax credits for new Nebraska renewable electricity (wind, solar) facilities. Supporters say wind farms generate substantial rural economic benefits. Opponents say that additional wind farms could put some of existing coal-fired power plants out of business. LB423 also had enough votes for enactment in 2015, but not enough votes to overcome a filibuster. It should be back in 2016.

**Any other 2016 issues?** Property tax reform, the state budget, and clean energy. Ag groups will likely seek property tax relief, but finding the state funding to pay for it won't be easy. EPA power plant regulations may be an issue in 2016. The 2016 legislative session should be a lively one.

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