

MICHIGAN FARM NEWS



March 15, 1994

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Proposal-A Farmland Definition Issue Resolved

Michigan Farm Bureau Encouraging "Yes" Vote March 15 on Proposal-A

Michigan farmers can breathe a little easier when they cast their vote in support of Proposal-A, thanks to a last minute agreement reached between Gov. John Engler, Michigan Farm Bureau (MFB) and legislative leaders to clarify the definition of agricultural property.

Under the agreement, the definition of farmland will follow the guidelines of P.A.116, the Farmland Preservation and Open Space Act, with the farmland qualifying for the same six mill rate as homesteads.

"This is an exciting day for farmers all across Michigan," said MFB President Jack Laurie. "Farm Bureau and Michigan's agricultural industry have supported property tax reform for years. We finally find ourselves at a point where we can go out and aggressively campaign in favor of Proposal-A. This is the kind of reform that allows Michigan agriculture to be competitive with the rest of the country."

At a Lansing news conference, Gov. Engler, Senate Majority Leader Dick Posthumus and House Speaker Paul Hillegonds announced that they will seek the legislation necessary to ensure that virtually all farmland in Michigan will be taxed at the same rate as homesteads with the passage of Proposal-A.

Calling Proposal-A an even better choice for Michigan farmers and their families with the new definition of farmland, Gov. Engler said that even if the agreement isn't enacted



Gov. Engler explains the farmland definition agreement during a news conference.

prior to the vote on March 15, farmers can rest assured it will be enacted.

"I'd like to thank Michigan Farm Bureau, Senator Posthumus and Speaker Hillegonds

for their help in making sure that farmers get a fair deal," Engler said. "It's only fair that farmers should pay the same level of taxes on all of their farmland."

Ballot Question - How Do We Fund Schools?

Farmers to save an average of \$4,000 in state taxes under Proposal-A. Not voting means voting for higher income tax and 12 or 24 mills on farmland.

On March 15, Michigan voters will go to the polls in a special statewide election to determine what type of school funding program they prefer. While only one question will be on the special ballot, two options will actually be available to voters.

If voters approve Proposal-A, then modifications will be made to the constitution and a number of legislative changes will take place. If, on the other hand, citizens turn Proposal-A down by voting no or not voting, a second plan, referred to as the Statutory Back-up Plan, would go into effect.

"Michigan voters need to realize that the school funding mechanism will definitely change on March 15 - business as usual will be over. The way it was is history," said MFB's Ron Nelson. "The big question on March 15 is how do we fund schools in Michigan, while keeping our tax structure in line with other states."

According to Nelson, there's a common misconception among many voters that if they don't vote on March 15, the existing school funding sources will stay in place.

"If you don't vote, or you vote 'no' on Proposal-A, you are, in effect, voting for the Back-up Plan, which means your income tax will go up to 6 percent and your property taxes will be levied at 12 mills or 24 mills in most cases," Nelson explained.

On the other hand, Proposal-A's six cent sales tax, combined with a reduction in Michigan's income tax from 4.6 percent to 4.4 percent and property tax reduction for school operating from an average 34 mills to 6 mills would make Michigan very competitive in all three tax categories, says Nelson.

"You don't need to do very much number crunching or figuring to know where you are today and where you would end up under either Proposal-A or the Statutory Back-up Plan," Nelson said. "It quickly becomes obvious that you'll end up with a significant reduction in property taxes under Proposal-A. Michigan will also be able to capitalize on our tourist industry's activity with the additional 2 cent sales tax."

Proposal-A would result in the following:

- Cap individual property assessments at 5

percent or the rate of inflation, whichever is less, until the property is sold.

- An 80 percent reduction in school operating millage.

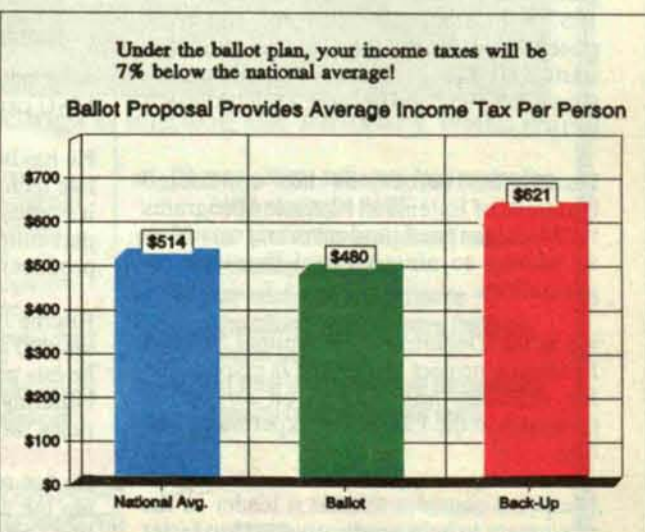
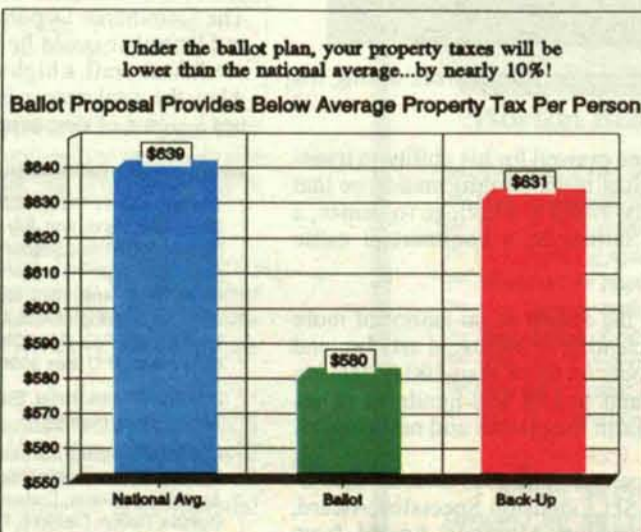
- Cut most homestead and farmland school operating millage to 6 mills from a current statewide average of 34 mills.

- Reduce the state income tax from 4.6 percent to 4.4 percent.

- Increase the sales tax from 4 percent to 6 percent. The food, medicine and farm input exemptions would be retained.

- Create a 2 percent real estate transfer fee tax beginning Jan. 1, 1995 - March 31, 1995. Beginning on April 1, 1995, the rate would decline to 3/4 of 1 percent.

"With Proposal-A, farmers will pay significantly less total taxes, with the typical farm saving \$4,000 in state taxes per year," said Nelson. "Proposal-A also provides for a cap on assessments to 5 percent or the rate of inflation, whichever is less, until the property is sold. Most importantly, the success of Proposal-A depends on the active support of farmers and their vote on March 15."



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Vote YES on Proposal-A March 15

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"Proposal-A – A Foundation for Future Prosperity"

In this issue of the Michigan Farm News, you'll find detailed information on why approval of Proposal-A makes extremely good sense for Michigan agriculture. But what kind of reasons can you give your non-farm friends and neighbors for voting yes?

I believe we can make a very good case for stating that the March 15 vote on Proposal-A boils down to this question: How do we best provide for the future prosperity of not just Michigan agriculture, but the entire state economy? Farm Bureau believes that approval of Proposal-A is the answer. A careful analysis shows that all aspects of Proposal-A are clearly superior to the statutory plan in providing for economic growth.

By levying a six-mill homestead property tax on nearly all farmland in the state, Proposal-A helps lower the overall property tax burden on our farmland. The statutory backup plan, on the other hand, provides substantially less relief by putting a 12-mill tax on the land contiguous/adjacent to farm homes and 24-mills on the rest of the farmland.

For years, high property taxes have been a drag on Michigan economic growth. Proposal-A will finally provide a significant cut in millage rates to make us more economically competitive with farmers in other states. A robust agriculture and improved rural property values will, in turn, be a real benefit to rural economies.

Proposal-A lowers the state income tax from 4.6 percent to 4.4 percent and increases the sales tax from 4 percent to 6 percent. The statutory plan leaves the sales tax at its present level but increases the state income tax from 4.6 percent to 6 percent. Admittedly, there's a tax increase of one kind or another under both alternatives. But a study from the Mackinac Center for Public Policy found that an income tax increase causes greater harm to a state's economy than a sales tax increase.

The Mackinac Center found that between 1990-93, the top 10 income tax-increasing states experienced a loss of 182,000 jobs, a 2.3 percentage point increase in unemployment and a \$613 real decline in personal income per family. In contrast, the top 10 sales tax-increasing states from 1990-93 experienced a net gain of 408,000 jobs, only a modest 0.4 percent rise in unemployment and a \$1,568 real increase in personal income per family. In 1992, according to the Mackinac Center, six of the eight states that had most recently enacted income tax hikes experienced a "significant slowdown" in the rate of growth of personal income.

Proposal-A makes sense for Michigan farmers. Proposal-A also makes sense for everyone else in the state who is interested in economic growth. Urge your friends and neighbors to vote "yes" on March 15.

Jack Laurie
Jack Laurie, President
Michigan Farm Bureau

MSU Extension Beef Specialist Awarded One of MSU's Highest Honors for Career Achievement

Harlan D. Ritchie, Michigan State University professor of animal science, was one of 10 given Distinguished Faculty Awards during the annual MSU Awards Convocation, Feb. 15.

These awards are among the highest that the university makes in recognition of career achievement.

Ritchie was cited as one of the world's top authorities on beef cattle improvement. As such, he has traveled to numerous countries – from Europe to Australia – as a production management consultant.

He was raised on a grain and livestock operation near Albert City, Iowa. He graduated from Iowa State University in 1957 with a bachelor's degree and completed his doctorate at MSU in 1964. He started his MSU career as an assistant instructor in 1957 and became a full professor in 1971.

During his career, he has conducted hundreds of Extension education programs for Michigan beef producers and served as an advisor to nine national livestock organizations.

He is the Department of Animal Science Extension project leader and is responsible for research and Extension education programs at the Lake City Experiment Station.

His peers consider Ritchie a leader in the movement to help producers develop faster growing animals that produce leaner retail beef products.

Though his appointment is in research and Extension, Ritchie has taught more than



4,000 students in nine courses during his MSU career.

He has been praised for his ability to translate technical research information so that it is equally useful to a college freshman, a part-time farmer or a commercial cattle producer.

Ritchie is the author or co-author of more than 90 scientific or technical articles, and he has produced more than 100 Extension bulletins and papers and hundreds of articles for farm magazines and newspapers.

He has received numerous awards, including the MSU Extension Specialist Award, the Outstanding Alumnus Award from Iowa State University and the American Society of Animal Science Extension Specialist Award.

In Brief...

Turnout Low in Soybean Referendum - Passes in Michigan by 2 to 1 Margin

It appears that a light turnout of voters decided whether the checkoff on sales of soybeans will be continued to support the research and market promotion program. According to Michigan ASCS reports, only 2,707 Michigan farmers actually participated in the vote, with 1,685 casting yes votes and 830 voting no, for continuing the producer checkoff program.

Nationwide, preliminary figures indicate that about 85,000 farmers voted, representing about 20 percent of the total eligible soybean growers who could have participated in the Feb. 9 referendum. Local ASCS offices had until Feb. 24 to count the ballots and then report results to their state offices by March 1. The states were to notify the USDA of their totals between March 3-4.

An unofficial vote tally from other state ASCS offices indicated that 54 percent of the over 86,000 soybean farmers who voted in the National Soybean Check-off referendum, favored continuation of the current check-off program, according to a United Soybean Board news release.

Earlier Release of USDA Reports Requested

Chicago Board of Trade President Thomas Donovan has asked Agriculture Secretary Mike Espy to release government reports earlier in the day to cancel out what he says is a trading advantage to foreign exchanges.

Donovan said Espy accepts the argument that a 7:30 a.m. release time on reporting dates would benefit futures markets by giving U.S. traders first chance to trade on USDA futures. U.S. traders argue that release times after markets close allow traders on foreign exchanges to use the updated information earlier than traders on American exchanges.

Economic Advisers See Little Danger of Inflation

The President's Council of Economic Advisers says the country's jobless rate is higher than it normally should be by a "significant amount." That led to its conclusion that there is little danger that inflation will constrain economic growth in the near future, according to a Knight-Ridder news report.

The "natural" unemployment rate is that rate to which joblessness could be reduced without causing an increase in inflation. Laura Tyson, the administration's chief economist, says the administration believes unemployment could fall to around 5.5 percent without triggering a burst of inflation.

The president's economic advisers say there isn't much evidence to support contention by some analysts that the "natural" unemployment rate has been rising in recent years. They attribute the larger than normal pool of unemployed workers and workers who have given up looking for jobs to the slow rate of recovery from the recession of 1990-91.

Farm Debt Up Slightly in 1993

Total farm debt rose to \$141.4 billion in 1993, 1.5 percent higher than in the previous year but still far below the 1984 peak, when recession raked the farm economy. Financial institutions serving agriculture gained stability in 1993 and can look forward to continued improvement in 1994, according to a report by the USDA's Economic Research Service.

The report said adequate credit is available for most users in agriculture, but beginning farmers are usually considered a higher risk and may have more difficulty obtaining credit. The decline in income experienced by some farmers in 1993, due to adverse weather, will increase the demand this year for some types of farm loans. The department said farm lenders are helping customers in affected areas cope with loan repayment difficulties with "various types of loan servicing options."

1993 Trade Gap Worst in Five Years

A slight improvement in the December balance of trade over the previous month didn't keep the U.S. negative balance of trade with other countries from soaring to \$115.78 billion, the worst since the 1988 deficit of \$118.5 billion, according to the Commerce Department.

For the year, slower economies abroad, particularly in Europe and Japan, put limits on U.S. export opportunities. Even though foreign sales did reach a record high for the year, our imports grew more than twice as fast, ballooning the trade gap.

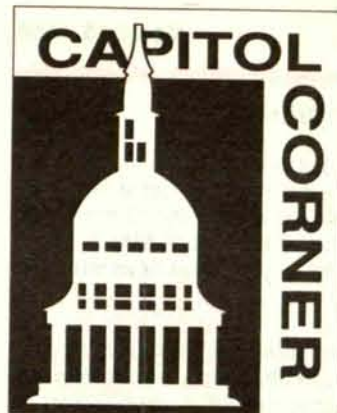
U.S. trade imbalance with Japan hit \$59.32 billion, its highest level ever. The huge gap adds more pressure than ever to the Clinton administration's push for more open Japanese markets to U.S. goods and services.

The Commerce Department couldn't give much hope that the decline of the trade deficit in December could be sustained. For one thing, it resulted almost entirely from sales of civilian aircraft, a high value item whose movement will not be repeated month after month. Also, the weakness in imports was almost entirely the result of falling petroleum prices and not a signal of decreased purchasing power, according to one analyst.

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Proposal-A Farmland Definition

MFB POSITION

MFB supports the clarification of farmland. Technically it is not significant whether the bills correct the definition before or after the election as the language which would be implemented by Proposal-A is statutory and not constitutional language. The passage of the bills after the election do not create technical problems.

MFB CONTACT

Ron Nelson, Ext. 2043

Two bills have been introduced to clarify the farmland definition under Proposal-A. In the House, H.B. 5329, sponsored by Rep. Dan Gustafson (R-Haslett), and Kirk Profit (D-Ypsilanti), includes all farmland at one millage rate if classed as agriculture.

S.B. 1027 was introduced by Sen. Joel Gougeon (R-Bay City) on Feb. 22 and substituted to incorporate language from P.A. 116, Farmland and Open Space Preservation Act. H.B. 5329 was introduced on Feb. 9; it is anticipated it will be taken up for consideration, early in March. It's anticipated that H.B. 5329 will be rewritten to reflect similar criteria as in the Senate version.

Both bills would amend the language that, with the passage of Proposal-A, farmland would be treated at 6 mills. As of this writing, legislation has not been introduced to clarify farmland definition under the statutory backup plan.

In addition to Reps. Gustafson and Profit, H.B. 5329 had over 40 other co-sponsors on the bill indicating bipartisan support in the House to correct the problem. It's anticipated there will be considerable debate and revision on both bills as they are taken up for consideration in the both the House and the Senate.

To qualify as agricultural property, a farm must meet one of the following tests:

- If the farm exceeds 40 acres, it must be "devoted primarily to agricultural use" (administratively defined as at least 51 percent of the land in active cultivation or fenced pasture) in three of the last five years.
- A farm of 5 to 40 acres must be devoted primarily to agricultural use and have produced a gross annual income of \$200 per acre in three of the last five years.

- A farm designated as a specialty farm by the Michigan Department of Agriculture, must have produced a total agricultural income of \$2,000 or more in three of the last five years.
- Any other land considered an integral part of the farming operation.
- All rented or leased land can qualify.

ASCS Announces Sign-Up Periods and Details

The sign-up period to enroll in the 1994 deficiency payment program for wheat and feed grains will be March 1 to April 29 at county Agricultural Stabilization and Conservation Service (ASCS) offices.

According to Jim Byrum, state executive director of Michigan ASCS, the program should be attractive to farm producers in 1994 for two reasons.

"First, there are no acreage reduction requirements for corn, barley, oats, wheat and grain sorghum," says Byrum, "Therefore, producers can plant their entire base acreage of these crops with no set-aside required and flex crop provisions still apply."

"Producers can also withdraw from the program after the sign-up period with no penalty," states Byrum. "This means producers are free to plant more crop acreage if conditions are favorable at planting time. This allows producers more flexibility to choose options according to weather and

market conditions instead of program requirements."

Advance deficiency payments will be available at sign-up, but will be required to be repaid if producers withdraw from the program.

0/92 provisions will apply to the 1994 program although producers will be paid at 85 percent of the normal payment acreage unless they were prevented from planting, which will allow payment at the 92 percent level of previous years.

The deficiency payment program allows enrolled producers to be paid a deficiency payment for the difference between target prices for certain commodities and the actual selling price of the commodity after harvest. This provides some stabilization for farm producers because commodity prices tend to fluctuate extensively depending on weather and other unpredictable conditions.

USDA Reorganization Plan Getting Attention

A couple of different plans for USDA reorganization are circulating around in committees in Washington, with Agriculture Secretary Mike Espy's plan proposing broad categories, headed by five under secretaries and a food safety commissioner, in charge of dispensing department services and carrying out its other responsibilities.

Espy's plan envisions staff reductions of 7,500 by the end of this century, with larger staff cutbacks in Washington, D.C., than in the county offices. Several committee members say they will not approve any cutbacks until the department's "hit list" of office closings is available to them.

An alternative USDA reform proposal submitted by Rep. Charlie Stenholm (D-Tex.) survived a House Ag Committee hearing on the department reorganization, but most other amendments were lost, including a Farm Bureau-supported move to shift the Soil Conservation Service into the newly created Farm Service Agency rather than leave it in a separate environmental agency.

From the perspective of the Farm Bureau, SCS should not be separated from other ASCS functions, such as cost-sharing payments for conservation practices. Farm Bureau will continue to work for that change to be incorporated into the reorganization as it moves on through the committee system, said Rob Nooter, an AFBF director of governmental relations.

Michigan Farm Bureau (517) 323-7000

Fertilizer Act Amendments

MFB POSITION

MFB policy states that programs to abate nitrate groundwater contamination should address all possible sources of nitrates including all uses of nitrogen fertilizers, animal manure, septic systems, urban run-off, nitrate occurring naturally, etc. We, therefore, support S.B. 688 (S-3) which includes the Farm Bureau amendments.

MFB CONTACT

Vicki Pontz, Ext. 2046

S.B. 688, sponsored by Sen. George McManus (R-Traverse City), would amend the Michigan Fertilizer Act to provide for the protection of groundwater in compliance with the Groundwater and Freshwater Protection Act.

MFB has offered language to amend S.B. 688 that would require all possible sources of nitrates be included in programs to abate nitrate contamination. The bill would establish regional stewardship teams to address nitrate contamination in the areas of greatest concern on a local level. The regional teams would be eligible to receive funds from the Groundwater and Freshwater Protection Fund.

The Senate Agriculture Committee reported out a substitute to the bill that deletes all reference to mandatory rules for the use of nitrogen fertilizers. The bill now represents a proactive, preventive approach to addressing the concerns of nitrate contamination in groundwater from fertilizer and other sources.

Workers' Disability Compensation - Exclusive Remedy

MFB POSITION

MFB policy supports Workers' Compensation insurance and supports the 'exclusive remedy' clause of existing law. Farm Bureau strongly opposes bills diluting this exclusivity clause.

MFB CONTACT

Howard Kelly, Ext. 2044

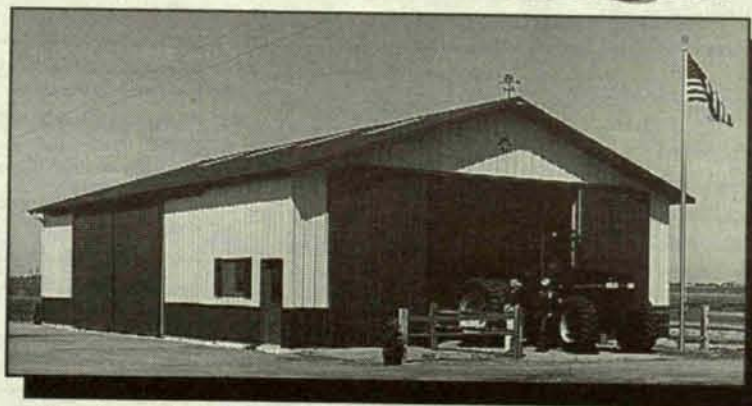
Workers' compensation is an employee's exclusive remedy against employers for a personal injury or occupational disease. H.B. 5353, a part of a package of bills addressing product liability issues designed to "facilitate the reporting of agricultural-related accidents," would allow employees to file for recovery for an on-the-job injury.

The new language would allow a lawsuit in which a personal injury or occupational disease is caused by a defective machine or an employer-modified piece of equipment for which the employer was previously issued a citation by OSHA (Occupational Safety and Health Administration) or MIOSHA, and failed to repair the machine before the date of the personal injury.

H.B. 5351 is called the "sunshine in litigation act" which applies to civil actions and, in effect, mandates that facts about any device, instrument, person, procedure, or product that causes or is likely to cause personal injury, cannot be prohibited from disclosure.

H.B. 5355 makes it a felony for a person that allows a dangerously defective product or device to be manufactured or distributed in Michigan. The penalty is up to five years in prison and a \$1 million fine. The definition of dangerous is any product that is "designed or constructed in such a manner as to be dangerous... when used in any manner for which the product or device is intended to be used or may foreseeably be used."

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Weather

30-Day Forecast - Average Temperatures with Below Average Precipitation

Even with a mid-month warm up that brought temperatures into the 40s and 50s across much of the state and significantly reduced snow cover, average temperatures for February remained below normal, with departure ranging from two to six degrees below normal in most areas. Minimum temperatures occasionally fell to record low levels in the 20 to 30 below Fahrenheit range.

The record cold caused the frost line in the soil to sink as low as eight feet below the surface in some western Upper Peninsula locations (mainly under roads or other surfaces which were routinely cleared of snow), resulting in extensive damage to underground water and plumbing systems. Unfortunately, given the relatively long lag time required for heat to flow downward through the soil, these problems will likely persist for a few more weeks before heat supplied by warmer surface temperatures conducts downward.

Most overwintering crops were protected from injury by insulating snow cover during the most intense cold, with the possible exception of some fruit crops, notably peaches and grapes.

An ample supply of cold air remains available in far northern sections of the continent. The northwest to southeast jet stream flow pattern that has transported that cold air across the Great Lakes region will likely persist for a significant portion of March. However, indications are that it will not be as persistent or as strong as it was during January and February.

This should result in temperatures remaining near normal over most of the state during the next 30 days. With a weak or non-existent storm track, precipitation for the same period is expected to be below normal.

In the longer term, the latest National Weather Service 90-day outlook for March through May is for near to below normal temperatures and near normal precipitation.

It should be noted, however, that long range forecast skill in this transitional season is less than average and that forecaster confidence in this particular outlook is considered low.

2/1/94 to 2/28/94	Temperature		Precipitation	
	Observed Mean	Dev. From Normal	Actual (inch.)	Normal (inch.)
Alpena	12.7	-6.2	1.04	1.38
Bad Axe	15.1	-7.6	1.09	1.32
Detroit	23.6	-1.4	1.38	1.51
Escanaba	11.8	-6.3	0.77	1.47
Flint	19.2	-4.2	1.08	1.51
Grand Rapids	19.9	-2.7	1.66	1.62
Houghton	9.7	-4.8	0.80	1.40
Houghton Lake	14.3	-4.9	1.42	1.38
Jackson	21.6	-3.2	0.50	1.47

Normals are based on district averages.

2/1/94 to 2/28/94	Temperature		Precipitation	
	Observed Mean	Dev. From Normal	Actual (inch.)	Normal (inch.)
Lansing	19.4	-3.9	1.13	1.47
Marquette	9.4	-3.1	0.42	1.40
Muskegon	20.5	-3.9	2.64	1.69
Pellston	11.4	-4.4	3.35	1.36
Saginaw	17.5	-4.8	0.80	1.32
Sault Ste. Marie	8.8	-5.9	0.77	1.47
South Bend	23.4	-2.9	1.45	1.62
Traverse City	15.5	-5.2	2.40	1.36
Vestaburg	15.6	-6.7	1.81	1.34

Jeff Andresen, Ag Meteorologist, MSU

Michigan and Major Commodity Area Extended Weather Outlook

T - Temp.	3/15.....3/31	3/15.....5/31
P - Precip.	T.....P	T.....P
Michigan	N.....B	N.....N
W. Corn Belt	N.....B	N.....B
E. Corn Belt	N.....B	N/B.....N
Wint. Wheat Belt	A.....B	N.....N
Spr. Wheat Belt	A.....B	B.....N
Pac. NW Wheat	A.....N	A.....N
Delta	N.....B	N/A.....N
Southeast	B.....N	N.....N
San Joaquin	A.....N	N.....N

A-Above Average, B-Below Average, N-Normal, MA-Much Above, MB-Much Below, NP-No Precip. Source: National Weather Office

Weather News to Provide Grain Market Opportunity

The best pricing opportunities for corn and soybean farmers will occur this spring during planting season and through the summer as a result of any unfavorable break in the weather, according to a marketing specialist with the University of Illinois.

Darrel Good of the University of Illinois Cooperative Extension Service says the tight supply of 1993 crops means that the market will react early and often to weather problems, real or potential. He advises farmers to gear their marketing strategies to take advantage of those opportunities.

Good says not all the crop acreage idled in 1993 because of the acreage retirement requirement and flood problems will be planted to corn and soybeans this year, but he looks for plantings of about 140 million acres, compared to the 132.7 million planted last year.

The breakdown between corn and soybeans will be decided by weather and price advantage. He said current prices favor corn over soybeans, but a wet spring could turn farmers in favor of the shorter growing season required for beans.

Another variable is how much of the land prevented from being planted by flooding last spring will have to remain idle again this year. He presently looks for about 80 million acres of corn and around 60 million of soybeans being planted. That would be an increase in corn acreage of about 7 million from last year and not much change in soybeans, compared to 1993.

Normal yields and percentages of harvested acres would then turn out around 8.7 to 9 billion bushels of corn and around 2 billion bushels of soybeans, yielding increased stocks of both but not to an alarming level.

Good sees more downside potential for new crop corn than soybeans, but he doesn't look for any significant price decline until the market is comfortable that 1994 crops are off to a good start.

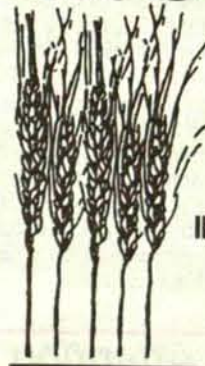
Michigan Farm Radio Network and Michigan Farm Bureau Salute These Organizations for Supporting the FFA.



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| Amway Corporation, Ada | Calhoun County Farm Bureau, Marshall | Michigan Floral Association, Okemos |
| Detroit Edison Foundation, Detroit | Cass County Farm Bureau, Cassopolis | Michigan Pork Producers Association, Okemos |
| MABC - Select Sires, Lansing | Central Dairy Supply, Inc., Lansing | Michigan Sugar, Saginaw |
| Michigan Farm Bureau, Lansing | Century Manufacturing Co., Minneapolis, Minnesota | Monitor Sugar, Bay City |
| Monsanto, Englewood | Charlotte FFA Chapter, Charlotte | Montcalm County Farm Bureau, Stanton |
| The Upjohn Company, Kalamazoo | Comstock Michigan Fruit, Rochester, New York | Morton Salt, Chicago, Illinois |
| Farm Credit Services, Lansing | Contractor's Equipment & Supplies, Grand Rapids | Muskegon County Farm Bureau, Muskegon |
| Gerber Companies Foundation, Fremont | Corunna FFA Chapter, Corunna | Newaygo County Farm Bureau, Newaygo |
| Independent Milk Producers, Grand Rapids | Corunna FFA Alumni, Corunna | Norcross Footwear, Inc., Louisville, Kentucky |
| Kropf Fruit Company, Lowell | Darby Creek Ag Enterprises, Millford Center, Ohio | Ottawa County Farm Bureau, Allendale |
| Lapeer County Coop. Inc., Lapeer | Dare Products, Inc., Battle Creek | Pirelli Armstrong Tire Corp., New Haven, Connecticut |
| Michigan Milk Producers Association, Novi | Deflecta-Shield, Strongsville, OH | Presque Isle County Farm Bureau, Hawks |
| Michigan Rural Rehabilitation Corp., Marshall | Delta Inc. of Arkansas, Jonesboro, Arkansas | Region VIII FFA Chapters, Benzonia |
| MTD Products, Cleveland | Detroit Edison Company, Detroit | Rockford Products Corporation, Rockford |
| Biggs/Gilmore Associates, Kalamazoo | ERTL Company Inc., Dyersville, Iowa | Ruckers Wholesale, Bridgeport, Illinois |
| Englander Stove Company, Monroe, Virginia | Farmers Petroleum Cooperative Inc., Lansing | Sanborn Manufacturing Co., Eden Prairie, Minnesota |
| Hanson Cold Storage Co., Benton Harbor | FENCEmaster, Jackson | Sandusky FFA Chapter, Sandusky |
| Ingham County Farm Bureau, Mason | FMB Financial Group, Holland | Shiawassee County Soil & Water Conservation District, Owosso |
| Kellogg Company, Kalamazoo | Fremont FFA Chapter, Fremont | Shiawassee County Farm Bureau, Owosso |
| Pioneer Hi-Bred International, Inc., Johnston, Iowa | Great Lakes Hybrids, Inc., Ovid | Spartan Stores, Inc., Grand Rapids |
| United Coatings, Inc., Kankakee, Illinois | Homer FFA Chapter, Homer | Total Marketing Associates, Rolling Meadows, Illinois |
| Wolohan Lumber, Saginaw | Hopkins FFA Alumni, Hopkins | Union Tools, Columbus, Ohio |
| Agri-Fab, Inc., Sullivan, Illinois | Hubbard Milling Co., Mankato, Minnesota | U.S. Stove Company, South Pittsford, Tennessee |
| AIO Holstein Club, Tawas City | Kalamazoo County Farm Bureau, Kalamazoo | USA FFA Chapter, Sebawaing |
| Allegan County Farm Bureau, Allegan | Klein Fertilizers, Inc., Fowlerville | Valvoline Inc., Ashland, Kentucky |
| Alma FFA Chapter, Alma | Lansing Dairy, Inc., Lansing | Van Gilder Farms, Fowlerville |
| Alma High School, Alma | Lenawee County Farm Bureau, Adrian | VZ Market, Webberville |
| Ambraco, Inc., Dubuque, Iowa | Mackenzie Seed Farm, Breckenridge | Wolverine Worldwide, Rockford |
| American Power Distributors, Inc., Toledo, Ohio | Mar-Jo-Lo Farms, Mason | Woodstream Corporation, Litz, Pennsylvania |
| Anderson Foundation, Maumee, Ohio | Maremont Corporation, Loudon, Tennessee | |
| Barry County Farm Bureau, Hastings | Marshall FFA Alumni, Marshall | |
| Bay County Farm Bureau, Bay City | Michigan Association of FFA, East Lansing | |
| Beal City FFA Chapter, Beal City | | |



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THE NEW DODGE
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Market Outlook...

Dr. Jim Hilker, Dept. of Agricultural Economics, MSU

Starting in May, the USDA will experiment with releasing selected crop reports in the morning before the markets open instead of in the afternoon after the markets close. Crop production reports and world supply/demand reports will be put out at 8:30 a.m., Eastern Standard Time, rather than 3:00 p.m. The idea is to end the advantage that the foreign exchanges now enjoy and allow the information to be traded first on the U.S. exchanges. With the modern techniques of analysis, I do not see this change as a problem.

CORN

Since the first of the year, the market has done an about face on who they want storing the corn. This is shown in two ways. One, the basis being offered is not very strong; and two, the spreads between futures contracts have widened out.

If you were already in a basis contract for say July corn, this is an example of how a basis contract works better than storing cash when the basis widens out.

At this point, if you are looking for a market upswing, the market is telling you it will pay you to store corn on the farm. At this writing, there is a 7 cent spread between the March and May corn futures contracts.

If you feel the market is not going up and you have corn, then consider a hedge-to-arrive contract. Using a put with stored corn is another possibility.

Recently, the corn market has kind of been in the doldrums. Exports, while near expectations, are slow and feed use is a big question mark. On March 31, this all may change dramatically as two important USDA reports will be released.

One of those reports is the Planting Intention Report. One of the biggest questions is how much of the water-saturated, corn ground is intended to be planted this spring, given last year's flood damage.

SOYBEANS

The market story on the storage of soybeans is different than corn. The basis is fairly strong and the market is not providing enough carry between futures contracts to even pay on-farm storage costs.

This means if you are pessimistic, sell, and if you are optimistic, use a basis contract. And if you are optimistic, but cannot accept much downside risk, consider selling and buying a call or a minimum price contract. These two are essentially the same.

The same two reports I discussed being important for corn will also be important

WHEAT

While wheat exports have been a little better than initially projected for most of this marketing year, we now seem to be running into a lull in sales.

Things will have to pick up over the next couple of months to meet USDA projections. We are now in the period of the year where weather scares can be real in the wheat market. Be ready to price some new crop on rallies.

What to do with remaining old crop is a hard call. While the basis is quite wide now, which would suggest storage, the futures market is providing no carry. I suspect it is time to get out of old crop for the few left in it and to put pricing efforts into new crop.

At this point, new crop basis is on the wide side of normal. This makes it a hard call as to whether to use a forward contract or a

Seasonal Commodity Price Trends

Wheat	↔ ?
Corn	↔ ↑
Soybeans	↔ ↑
Hogs	↑ ?
Cattle	↔ ↑

Index: ↑ = Higher Prices; ↓ = Lower Prices; TP = Topping; BT = Bottoming; ? = Unsure

The other question is how much of last year's 10 percent set-aside will come back in with this year's 0 percent set-aside requirement.

The other report is the second quarterly Stocks Report. The USDA has projected 1993-94 corn feed use at 500 million bushels, 9.5 percent below 1992-93. Yet first quarter stocks indicated continued strong feed use. Also, cattle on feed numbers continue to run above those of a year ago, and weights are up, despite the high corn prices.

On the other side, hog slaughter is below year ago levels, but weights are about the same. If this report indicates corn feed use higher than USDA projections, we could have a nice market rally which we should take advantage of.

The USDA finally announced most of the information about the 1994 Corn Program. As we know, the set-aside requirement will be zero, the loan rate will be raised to \$1.89, and the projected deficiency payment was pegged at 40 cents.

The advance deficiency payment will be 50 percent of the projected deficiency payment. My calculations say sign-up, the downside price risk is large and with zero set-aside the costs are minimal.

for soybeans. There is a big question as to whether all the Delta soybean acres will be planted this year.

Along with these reports, the South America situation is playing a big role in the market. Their crops appear very good and harvest has started.

How their new supplies affect our exports is critical. Market upswings from this point on will depend on U.S. weather scares. Be watching for new crop pricing opportunities.

to-arrive contract to do your forward pricing.

What makes it even more difficult is that the wheat basis is harder to predict than corn and soys basis due to the white wheat grown in the state. I would not suggest leaving all my pricing of new crop wheat until harvest.

The USDA finally announced most of the information about the 1994 Wheat Program. As we know, the set-aside requirement will be zero, the loan rate will be raised to \$2.58, and the projected deficiency payment was pegged at 85 cents.

The advance deficiency payment will be 50 percent of the projected deficiency payment. Again, the sign-up dates are March 1 through April 29. My calculations say sign-up, the downside price risk is large and with zero set-aside, the costs are minimal.

DAIRY OUTLOOK

Larry G. Hamm, Dept. of Agricultural Economics, MSU

Dairy product markets are counter-seasonally strong. That is a phase that market forecasters use to explain why earlier market predictions have not panned out.

Dairy markets are much stronger than anticipated for March. On the last trading day of February, both butter and cheese markets strengthened. Butter prices that had been trading below the support price rose to support levels.

However, the news in the cheese markets is even better. Cheddar block prices increased for the third consecutive week. Barrel cheese jumped \$.0125 cents per pound and is now trading \$.1875 above the support price. All of this market strength bodes well for farm pay prices.

The February Minnesota-Wisconsin (M-W) price will not move much from its \$12.41 (3.5 percent test) level for January. Indications are that the February M-W may, in fact, increase slightly. Currently, the M-W is running around \$1.60 per cwt. higher than last year.

Of equal importance to producers, is that this is the time of year when the M-W is usually falling. Drops of \$.30 to \$.50 per cwt. in the M-W are not uncommon from December through April. The fact that the

EGGS

Henry Larzelere, Dept. of Agricultural Economics, MSU

Egg prices near the end of February were almost 5 cents a dozen above a year ago. The net for egg producers was about the same as last year because feed ingredient costs were 4-5 cents per dozen eggs above February 1993.

Last year, wholesale prices in New York for Grade A large eggs in cartons averaged in the mid 80s during March. This year it is likely that prices will be in the mid to upper 70s.

With the egg-type chick hatch in 1993 above the previous year in almost every month, the number of layers on February 1,

CATTLE

On Feb. 18, the USDA released the latest 7-State Cattle-On-Feed Report. It showed 1 percent more cattle on feed Feb. 1 in those states compared to a year ago and 11 percent more than 2 years ago. This shows that we will have plenty of ready cattle through most of March.

If you look at a new feature of the report, feedlots over 1,000 head, they are 2 percent above last year. However, 87 percent of the cattle on feed in the seven states are fed in lots over 1,000 head capacity. The lots under 1,000 head in these seven states have 9 percent fewer cattle on feed.

Cattle marketed in January were up 6 percent, but you need to remember last year's problems marketing cattle in the high Plains. Three percent fewer cattle were

HOGS

Be watching for the next quarterly USDA Hogs and Pigs Report to be released on March 25. Hog slaughter has run below expectations for the entire last quarter, although weights are up some.

Wheat Agreement Eludes U.S.-Canada Negotiators

There is no agreement yet on what amount of Canadian wheat should be allowed into the United States, according to *Knight-Ridder News* reports. USDA officials denied rumors that the figure is 1.7 million metric tons. The Clinton administration has not yet made a decision on a new offer to take to Canada.

Canadian officials have been holding out for a cap of 2.5 million tons, while the U.S. has asked Canada to limit sales of wheat here to 1 million tons. One U.S. trade official expressed hope that the two countries will reach agreement soon on a whole range of trade issues, including the wheat dispute. U.S. wheat growers have been pressuring Canada to limit its export of wheat to this country or suffer other retaliation because of unfair pricing practices.

FARM BUSINESS OUTLOOK

M-W is holding means that the average producer pay price could hold up better this year than was earlier predicted.

Earlier forecasts for the average gross farm milk price (before deductions) for a range of \$12.80 to \$13.10 appear solid now. The price strength continues, the average pay prices might average even higher.

The market is currently being driven by the lack of quantity and quality of feed for the northern tier dairy sector. Feed quality is an issue in Michigan, but Michigan producers are holding their own. New York, Wisconsin and Minnesota are having real problems with Wisconsin suffering their worst production decline in recent memory.

As new feeds come on this summer, the milk supply will respond. Also, the current prices will spur milk production expansion. Prices may moderate somewhat. However, the decline will likely be tempered for 1994. So far, 1994 is looking like a good year for dairy producers.

1994 was 2 percent above a year earlier. Total egg production was also up 2 percent in January, but table egg production was up 1 percent.

During the April, May and June quarter, egg prices are likely to be in the low 60s, partly because Lenten demand strength will have passed. However, some strength in the egg product prices seems to be present.

Some moderating of egg production seems likely by the last quarter of 1994 with the egg-type chick hatch finally turning lower. The January hatch was 2 percent below January 1993. Layer-type eggs in incubators on February 1 were down 14 percent from a year earlier.

marketed in January than two years ago. This means we are approaching being current, but not there yet. The high weights of market cattle also show we have a little ways to go.

Placements in January in the seven states were down 5 percent. But placements in the 1,000+ head feedlots were up 4 percent. This means that placements in the smaller lots was down 51 percent.

Placement have now been down several months in a row; this should help cattle price over the second half of 1994 relative to the second half this past year. After prices work their way up into the \$75-77 range for April-May, we should stay in the \$73-75 range the second half of the year.

It should tell us if we are continuing in a liquidation mode and how big it will be. The live hog futures are giving us some pretty good forward pricing opportunities now. If the report is bullish, consider taking advantage of it.

7 Michigan's Public Education: School Reform and Funding Changes

THE POLICY DEBATE

Lynn R. Harvey, Professor and Extension Specialist
Beth Moore, Extension Specialist
Kenneth VerBurg, Professor and Extension Specialist

On March 15, 1994, citizens will have the opportunity to vote on one specific part of the funding package -- whether to increase the sales tax. It is also important to understand the broader context of the new legislation.

The funding and operation of Michigan's K-12 public school system was changed substantially Dec. 24, 1993, when the state legislature gave final approval to a proposed constitutional amendment and to a set of 24 implementing bills.

In July, the Legislature approved Senate Bill 1 (P.A. 145, 1993), which specified that, beginning Dec. 31, 1993, all property in the state is exempt from millage levied for local school district operating purposes. This decision eliminated approximately \$6.1 billion, or about 60 percent of the annual operating revenue for K-12 public education.

The elimination of property taxes for K-12 education initiated a dramatic shift in the long-standing debate on funding the state's primary and secondary schools. Legislative action in December brought closure to weeks of bipartisan efforts to seek workable policy funding options.

The Legislature approved two different approaches to funding schools along with decisions related to the operation of schools and the distribution of school funds. The final step in the process of deciding how to change the way Michigan finances its public schools will occur when voters cast their ballots at a special statewide election on March 15, 1994.

Michigan's educational system has been based on the concepts of reliance on the property tax, a strong sense of local control and acknowledgement of an important role for the state.

During the past 30 years, intense policy debate has focused on concern about the amount of property tax paid by Michigan citizens, the growing disparity in per pupil spending between districts and distrust of state government.

Since 1964, 14 proposed constitutional amendments to reform school finance or property taxation, or both, were placed before voters; only the Headlee Amendment (November 1978) was approved.

Operating under a self-imposed deadline of Dec. 31, 1993 -- to allow school districts adequate time to plan for the next school year -- the Legislature had a relatively short time to restructure the state's system of

school finance after the passage of Senate Bill 1.

Many policymakers also perceived that this was an appropriate time to address school quality issues. The basic framework for the policy debate during the past few months centered on these points:

- What revenue sources could be used annually to replace more than \$6 billion in property tax revenues? The challenge was to find revenue sources that would be stable, be viewed as equitable and yield sufficient revenue to fund schools.
- How could the disparity in per pupil spending between school districts be lessened? The goals were to avoid penalizing high spending districts while trying to bring low spending districts up to

FARM BUSINESS OUTLOOK

a higher per pupil spending level but within available funding resources in the state.

- What could be done to significantly improve the quality of public education in Michigan? For some, the answer was to increase competition through establishing "schools of choice" and "charter schools;" for others, it was targeting funds to meet special needs.

THE POLICY DECISIONS

The Legislature approved a comprehensive set of bills and a proposed constitutional amendment related to school finance and reform. These measures provide:

* Two alternatives for financing public education. Michigan citizens have an opportunity to select the mix of taxes that will be used to pay for schools. Both approaches use a variety of revenue sources to replace the monies eliminated by the passage of Senate Bill 1.

The ballot plan is a proposed constitutional amendment to increase the state sales tax. Accompanying legislation would imple-

ment this increase, if approved by voters, and it makes changes in other revenue sources to generate the needed monies for K-12 education.

The statutory (or legislative) plan would increase the income tax and other taxes. Both plans would levy specified mills of property tax on homesteads and non-homesteads. The March 15 election results will determine which of the two methods will be used to fund schools as well as provide for:

- A new method for distributing funds to local school districts. The state will provide the monies for local districts, primarily through a per pupil foundation grant.
- Initiating programs to improve the quality of schools. This will include monies for at-risk pupils, additional funds for pre-school education and opportunities for establishing public school academies.

Your Vote On March 15

Only one question will be on the statewide ballot on March 15. The central thrust of the question will be: Do you approve the increase in the state sales tax? If a majority of the citizens voting on that question say YES, the sales tax increase will take effect on May 1, 1994. If a majority of the voters say NO, then the legislative plan (increasing the income tax) will take effect on May 1, 1994.

Under either plan, many other tax changes will be implemented by legislation. There will be a system in place for funding public education in Michigan for the 1994-95 school year, whatever the outcome of the March 15 election.

If voters approve the ballot question, thus changing the state constitution, no further changes can be made in the constitutional provisions unless the issue again is presented to the citizenry (after approval by two-thirds of each house of the Legislature or through petition referendums).

The legislative decisions can be altered -- in response to constituent concerns and to meet changing fiscal situations -- by a majority vote of each house of the Legislature and approval by the governor.

STATE PROPOSAL

SPECIAL ELECTION - MARCH 15, 1994

PROPOSAL A

A PROPOSAL TO INCREASE THE STATE SALES AND USE TAX RATES FROM 4% TO 6%, LIMIT ANNUAL INCREASES IN PROPERTY TAX ASSESSMENTS, EXEMPT SCHOOL OPERATING MILLAGES FROM UNIFORM TAXATION REQUIREMENT AND REQUIRE 3/4 VOTE OF LEGISLATURE TO EXCEED STATUTORILY ESTABLISHED SCHOOL OPERATING MILLAGE RATES.

The proposed constitutional amendment would:

- 1) Limit annual assessment increase for each property parcel to 5% or inflation rate, whichever is less. When property is sold or transferred, adjust assessment to current value.
- 2) Increase the sales/use tax. Dedicate additional revenue to schools.
- 3) Exempt school operating millages from uniform taxation requirement.
- 4) Require 3/4 vote of legislature to exceed school operating millage rates.
- 5) Activate laws raising additional school revenues through taxation including partial restoration of property tax.
- 6) Nullify alternative laws raising school revenues through taxation including an increase in income tax, personal tax exemption increase and partial restoration of property taxes.

Should this proposal be adopted?

Yes
No

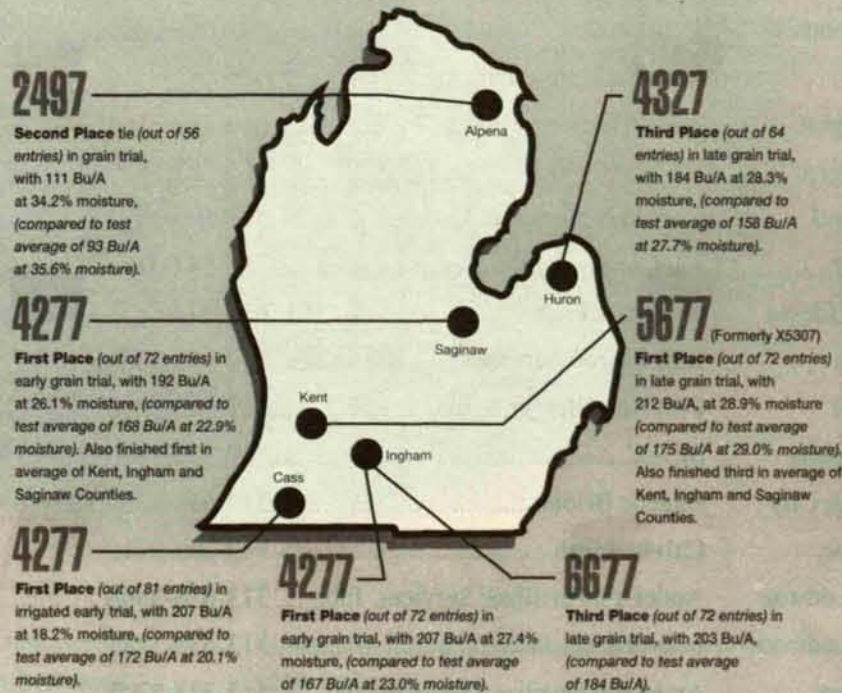
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Michigan Farm Bureau Encourages a "YES" Vote on Proposal-A
Make Sure You Vote March 15

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8 P.A. 116 Contracts Still Valuable With Proposal-A

by: Deb Laurell

MFB President Jack Laurie responds to questions from reporters during a Lansing news conference on the agreement of farmland's definition under Proposal-A.



Furthermore, one of the primary benefits of P.A. 116, farmland preservation, will not be diminished under Proposal-A. "Without P.A. 116, if we had lower property taxes, we would still not be doing anything to preserve farmland," said Almy. "The continuation of P.A. 116 will continue to provide positive benefits in preserving farmland."

Contrary to popular belief, Public Act 116 refunds will not be adversely impacted by the passing of Proposal-A. According to Ron Nelson, Michigan Farm Bureau legislative counsel, P.A. 116 refunds will be smaller, but only because the amount of property taxes originally paid will be substantially smaller.

Al Almy, Michigan Farm Bureau Public Affairs director explained, "I don't see any adverse impacts if Proposal-A passes...it really does not make a lot of sense for me to pay

my property taxes up front, send the money to government and wait for them to refund my money to me. I would rather keep my money in my own pocket to begin with."

"...it really does not make a lot of sense for me to pay my property taxes up front, send the money to government and wait for them to refund my money to me. I would rather keep my money in my own pocket to begin with."

still provide financial relief for those bad crop years. "If I have a crop failure and my farm income/household income is down, P.A. 116 is still there to provide a safety net in those bad years," Nelson said. "Additionally the tax lien due on expiring P.A. 116 contracts will be substantially less."

Nelson explains, that under Proposal-A the school operating portion of property taxes would come down to 6 mills, a considerable

reduction from the current average of 34 mills. In rural areas, Nelson estimates approximately 80 percent of the property tax bill is going to school operating, meaning farmers will see a significant reduction in their property taxes under Proposal-A.

According to Nelson, Proposal-A will put a cap on individual assessment increases to no more than 5 percent or the rate of inflation, whichever is less. As long as farmland meets the qualifications of P.A. 116, Proposal-A would treat farmland equitably with homesteads.

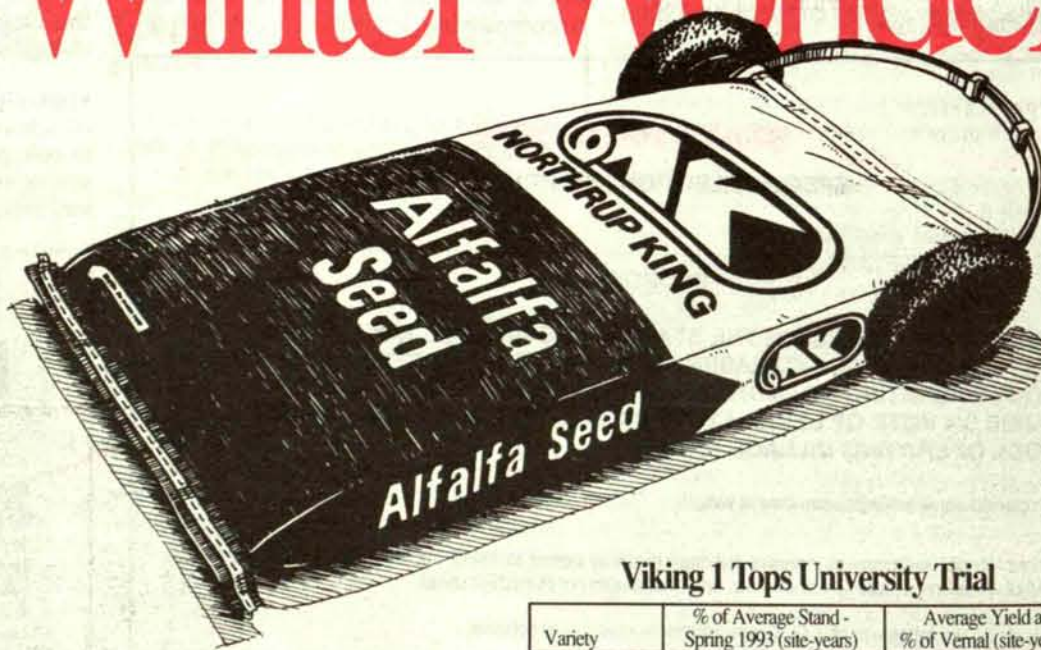
Currently, P.A. 116 provides refunds to individuals whose property taxes exceed 7 percent of their household income. The amount of your property taxes greater than 7 percent is refunded if enrolled in P.A. 116.

With Proposal-A, all benefits of P.A. 116 stay in place and according to Nelson, it will

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New Lothrop	Bob Hajek	313-638-5281
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3452-ML	111 (2)	103 (1)
5252	126 (6)	118 (7)
5262	150 (10)	115 (24)
636	112 (25)	111 (79)
Alpine	123 (6)	117 (10)
Clipper	97 (17)	112 (41)
DK-122	89 (15)	113 (32)
Flagship 75	90 (3)	113 (4)
Master	99 (5)	107 (8)
Milkmaker II	91 (4)	105 (9)
Nordic	118 (8)	114 (16)
Pacesetter	113 (2)	97 (2)
Quantum	109 (3)	122 (4)
Vernal	105 (31)	100 (301)
WL 225	100 (21)	107 (65)
Wrangler	114 (10)	107 (35)

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Grant Encourages Producers to Implement Sustainable Practices

by: Deb Laurell

If you're interested in implementing more sustainable farming practices, but you haven't had the resources, consider applying for a grant from the North Central Region USDA Sustainable Agriculture Research and Education (SARE) program.

The SARE grant is designed to allow producers to address concerns related to sustainable agriculture production and marketing. According to Steven Waller, coordinator for the North Central Region Sustainable Agriculture Research and Education Program, farmers in the 12-state region can apply for grants of up to \$5,000 to test and demonstrate sustainable agriculture practices.

Waller explained this is the third year the SARE program has offered the producer-initiated grants with a total of \$100,000 available. Thus far, 56 grants have been awarded to projects ranging from rotational grazing, biological weed and pest control, low-input crop production, nutrient management, composting of manure and producing and marketing sweet sorghum syrup.

"This program is successful because it provides producers the opportunity and support to try sustainable practices on-farm under real-world conditions," said Waller. "Other producers can learn about both the successes and pitfalls of these projects before trying the new practices."

The one-year grants help producers identify barriers to adopting sustainable agriculture practices and test possible solutions. While many of the grants have been to study on-farm problems, others have been used to sponsor educational programs and field days for producers.

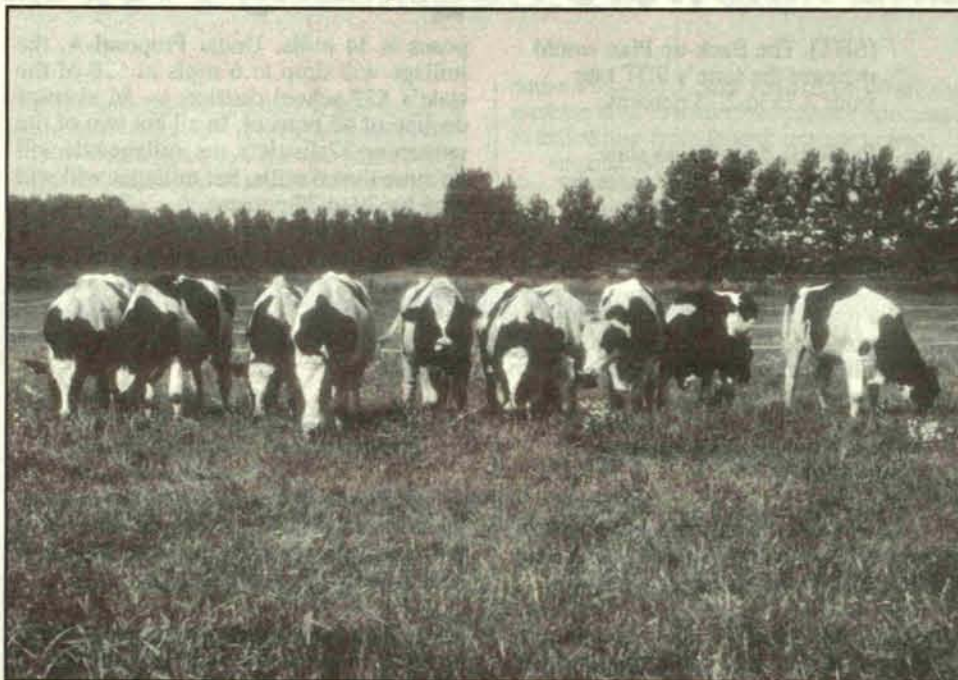
Michigan producers involved in the program have designed activities ranging from composting manure vs. manure pits and rotational forage and grazing trials.

George Shetler of Kalkaska, Mich., received a grant to begin comparison trials this spring on composting manure vs. manure pits. Comparison tests will be conducted in three areas:

- 1) Economical factors and actual costs;
- 2) Nutrient values of composted manure will be compared with stacked or fresh manure; and
- 3) System analysis of the effects on the soil from the two systems.

Dale Kellenberger of Munith, Mich., also received a grant in 1994. His grant projects include the construction of eight paddocks, each with a different species or species mix, allowing for evaluation and comparison. In addition, Kellenberger has attended grazing conferences to obtain knowledge and assist with implementing these sustainable agricultural practices.

Kellenberger explained the grant program is a good way for farmers to obtain funding to implement new practices. "I haven't met too many farmers that couldn't use some



more money to implement things," said Kellenberger.

According to Kellenberger, one of the purposes of the grant is to utilize educational

resources such as the local MSU Extension and Soil Conservation Service. "One of the purposes of the grant is to bring in as many resources as possible to educate us all," Kellenberger explained.

SARE Grant Facts

- Grants available to producers for implementation of sustainable agriculture practices.
- Grants are available for on-farm problems, implementation of new practices and to sponsor educational programs.
- Up to \$5,000 is available per one-year grant.
- Application deadline is May 1, 1994.
- Applications are available at the North Central Region Sustainable Agriculture Research and Education Program, 13A Activities Building, University of Nebraska, Lincoln, NE 68583-0701, 402-472-7081.

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Lower Milk Production in Michigan

Dairy herds in Michigan produced 456 million pounds of milk during January, down 3 million pounds from a year ago, according to the Michigan Agricultural Statistics Service. Milk per cow averaged 1,345 pounds, decreasing five pounds from a year ago, possibly because of severe weather. The Michigan dairy herd was estimated at 339,000 head, 1,000 fewer than last January.

The preliminary value of milk sold averaged \$13.90 per hundredweight (cwt.) in January, \$1.10 more than last year and \$.10 more than in December. Mid-month January slaughter cow prices averaged \$43.50 per cwt., \$6 less than the previous year.

Milk in the 21 major states totaled 10.6 billion pounds, one percent less than production in these same states in January 1993. Production averaged 1,319 pounds per cow for January, 14 pounds more than January 1993. The number of cows on farms was 8.04 million head, 178,000 head less than January 1993 and 13,000 less than December 1993.

10 Questions and Answers Regarding Proposal-A

Q. WHY Proposal-A?

A. The Legislature has given Michigan voters two choices on how best to reform Michigan's school finance system. Voters on March 15 can decide to vote YES to support Proposal-A, a constitutional amendment. Or if they vote NO, the Back-Up Plan, approved by the Legislature, goes into effect — but only if Proposal-A fails.

Q. How is Proposal-A Different than the Back-up Plan?

A. Proposal-A would set school operating millages for most homeowners at 6 mills. The Back-Up Plan would set school operating millages for most homeowners at 12 mills. Proposal-A would limit assessment increases at 5 percent or the rate of inflation, whichever is lower. The Back-up Plan has no assessment caps.

- Both proposals would set school operating millages for businesses and second homes in most districts at 24 mills.
- Proposal-A would cut the state's income tax from 4.6 percent to 4.4 percent. The Back-up Plan would raise the state's income tax from 4.6 percent to 6 percent.
- Proposal-A doesn't increase in the state's Single Business Tax

(SBT). The Back-up Plan would increase the state's SBT rate from 2.35 to 2.75 percent.

- Proposal-A increases state cigarette taxes by 50 cents per pack. The Back-up Plan increases cigarette taxes by 15 cents per pack.
- Proposal-A increases the sales tax from 4 percent to 6 percent. The Back-up Plan does not increase the sales tax.

Q. When will Tax Law Changes Take Effect?

A. Taxpayers will see the property tax relief with their summer 1994 tax bill, with the decrease retroactive to Jan. 1, 1994.

* Under Proposal-A, the income tax decrease and the sales tax increase would take effect May 1, 1994.

* Under the Back-up Plan, the income tax, real estate transfer tax and Single Business Tax hikes would take effect May 1, 1994.

Q. How will Proposal-A Affect Homeowners' Property Taxes?

A. Property tax reductions will be substantial for the vast majority of homeowners. Currently, the statewide average millage for school operating pur-

poses is 34 mills. Under Proposal-A, the millage will drop to 6 mills in 520 of the state's 557 school districts — an average decline of 83 percent. In all but two of the remaining 37 districts, the millage rate will be more than 6 mills, but millages will still drop by 20 to 77 percent.

Under the Back-up Plan, most school millages will drop to 12 mills for homeowners, a decrease of 65 percent. In 34 districts, the millage for homeowners will be more than 12 mills.

Q. What Caps are There on Homeowners' Property Taxes?

A. Proposal-A puts a cap on future assessment increases of 5 percent, or the rate of inflation, whichever is less. Once a home is sold, it would be reassessed.

There is no assessment cap under the Back-up Plan. This could lead to a return of educational inequities that led to school finance reforms in the first place.

Q. Does Proposal-A Affect the Homestead Property Tax Credit?

A. Not at all. The Homestead Credit remains in place.

Q. Which is Better for School Equity, Proposal-A Or the Backup Plan?

A. Proposal-A. By holding down assessments, it will help reduce the recurrence of vast inequities among rich and poor districts — a major goal of school reform.

Under the Back-up Plan, fast-growing districts that see large assessment increases will soon be spending more than neighboring districts, creating inequity. Proposal-A also guarantees funding will not go lower than 1993-94 levels — a guarantee missing from the Back-up Plan.

Q. Can Voters Decide to Raise Taxes on Themselves for Additional School Spending?

A. If voters want to raise taxes on themselves, they may do so under both proposals to a limited extent. Under Proposal-A, a school district can seek up to 3 mills more for up to three years. Voters would have the final say.

Starting in 1997, however, local districts could not raise taxes unless voters in their entire Intermediate School District (ISD) went to the polls and voted to raise their property taxes by up to 3 mills — no more — with the revenues distributed evenly for all students within the ISD.

Under the Back-up Plan, local schools, or an ISD could ask for voter approval of a combined amount of between 2 and 6 mills.

Q. How will Proposal-A Affect Business Property Taxes?

A. The statewide average school operating property tax currently is 34 mills. Under both Proposal-A and the Back-up Plan, property taxes for businesses will be set at 24 mills.

Q. How will Proposal-A Affect Business Tax Abatements?

A. Proposal-A will not affect the business property tax abatements. But under the Back-up Plan, businesses that receive abatements in 1994, or after, will no longer receive a cut in school taxes.

Q. How will Proposal-A Affect Michigan's Overall Tax Climate?

A. Under Proposal-A, Michigan's property taxes, now 34 percent above the national average, will drop to 9.2 percent below the national average. Michigan's income taxes will drop to about 7 percent below the national average. Michigan's sales taxes, now below the national average, will move up to the national average of 6 cents on the dollar.

Under the Back-up Plan, our property taxes will drop to just 1.3 percent below the national average. Our income taxes will be 21 percent above the national average — the highest flat rate income tax in the nation. Our business tax rate, already second highest in the nation, will increase by 17 percent.

Q. How will Proposal-A Affect the Economy?

A. Michigan's economy must be stimulated to create jobs, attract new business and industry and retain existing business and industry. Michigan's high property tax rates are working against that goal. Lower property taxes will encourage business and industry growth and new jobs.

The tax cut this year will add \$1 billion to the state's economy, allowing us to continue leading the nation's economic recovery.

Under the Statutory Back-up Plan, however, our high income and business taxes will make it more difficult for businesses to create jobs and invest for the people of our state. These taxes will hit small businesses, many of which will see relatively few actual dollars from property tax relief, but will pay substantially more in business taxes and in taxes on owner incomes.

Q. Doesn't Raising the Sales Tax Hurt Poor Families More Than Middle Class Families?

A. Michigan's sales tax will continue to exempt sales of food and medicines. In addition, the sales tax increase will not be applied to residential electric, natural gas or heating fuels. The Back-up Plan's increase in our flat rate income tax will put virtually the same burden on the poor as the middle class. The poor will be hurt, however, by the Back-up Plan's increase in the Single Business Tax, which will impair the ability of business to increase compensation and create jobs, particularly unskilled jobs.

Q. Will Renters Benefit from Proposal-A?

A. Both Proposal-A and the Back-up Plan increase the Homestead Credit for renters from 17 percent of rent to 20 percent of rent.

Property taxes are an important cost of doing business for all landlords. Reductions in property taxes reduce the landlord's fixed costs, helping to relieve upward pressure on rents.

Perhaps most importantly, Proposal-A will make it easier for first-time homeowners to save and purchase their new home. They will receive a small income tax cut, which can be saved for a down payment.

The Back-up Plan, however, will tax every dollar a young family makes, cutting into down payment savings. The 12 mill school operating tax rate for most homes under the Back-up Plan would be twice as high as Proposal-A.

Q. Why Didn't the Legislature Just Pass this Instead Of Having a Vote Of The People?

A. Two reasons. First, any sales tax increase required a vote of the people. Second, this will be a constitutional amendment, giving it the permanence people want.

If people vote "no" on Proposal-A, or fail to vote, the Back-up Plan with its higher income and business taxes will go into effect.

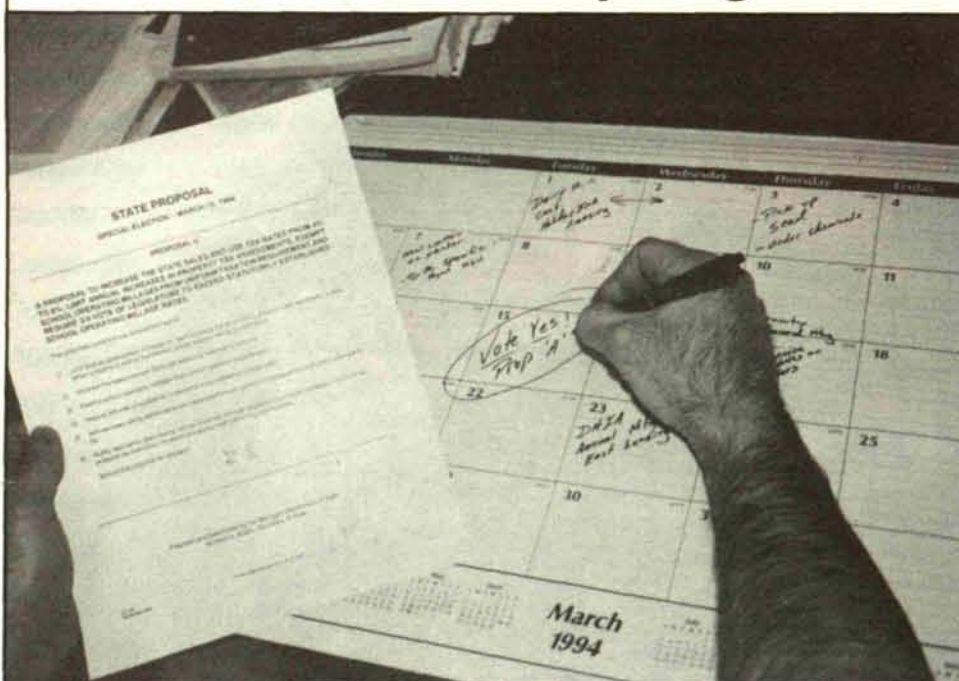
Q. Will Proposal-A Help Farmers?

A. Under Proposal-A, agricultural property would be taxed at the 6 mill rate if it meets one of the following tests:

If the farm exceeds 40 acres, the land must be "devoted primarily to agricultural use" in

Continued on page 12, see
Questions and Answers

Proposal-A One of The Most Important Decisions You'll Make This Spring



Which brand of seed, which chemicals to use, your tillage program, hired help, machinery purchases...The list of decisions this time of year is endless.

But of all the decisions you make this spring, perhaps none of them will have the kind of long-term impact on your farm's future as your "Yes" vote on Proposal-A.

Under Proposal-A, the definition of agricultural property is clarified, ensuring that virtually all farmland will qualify for the 6 mill rate versus the Statutory Back-up Plan of 12 and 24 mills.

When it's all said and done, successful passage of Proposal-A will mean an additional \$4,000 per year to the bottom line of the average Michigan farm.

**Make Sure You Vote March 15 and
Be Sure You Vote Yes on Proposal-A**

11 Proposal-A What's the Impact on Your Farm?

by: Deb Laurell

The Final Analysis

For agricultural producers, the choice is quite clear - Proposal-A is the preferred alternative. The reduced millage rate of 6 mills in Proposal-A, compared to 12 or 24 mills in the Back-up Plan will reduce the large property tax burden on farmers who tend to own large amounts of property. The property tax relief

under Proposal-A will more than offset the increase in sales tax and the potential decrease in deductions from federal income taxes.

As long as farmland meets the qualification of Public Act 116, Proposal-A would treat farmland equitably with homesteads. The Back-up Plan does not treat farmland equitably and will create a monumental land

ownership and income tracking process. The assessment cap in Proposal-A will prevent a rapid increase in homestead and farmland assessment. The Back-up Plan has no such cap.

Michigan Farm Bureau vigorously supports the approval of Proposal-A and actively encourages all members to vote "Yes" in the March 15 special election.

Benefits for Agriculture

In almost all cases, farmers will pay significantly less total tax under Proposal-A, due to the six mill property tax levy, compared to the 12 or 24 mills levied under the Back-up Plan. If Proposal-A is approved, farmers would pay higher sales taxes for taxable purchases as would other consumers. Agricultural inputs would still be exempt.

Another advantage to Proposal-A is the cap limiting assessment increases to 5 percent or the rate of inflation, whichever is less. This would prevent the rapid increase in homestead and agricultural assessment rates that was experienced in the 1970s and 1980s.

In addition, Proposal-A will not affect Public Act 116 property tax relief nor will it affect the Homestead Property Tax Credit. However, with lower property taxes, any credits received in these two programs could be lower. Property taxes are deductible from federal income tax. Since Proposal-A will reduce property taxes, farmers and other landowners will have a smaller deduction on their federal tax return if they itemize.

Benefits for Education

Both Proposal-A and the Back-up Plan will provide K-12 schools with about \$10.5 billion in funding for 1994-95, compared to \$10.1 billion this year.

If Proposal-A is approved, local schools may ask for voter approval to assess up to 3 enhancement mills for 1994-96. After 1996, the mills must be levied on an Intermediate School District (ISD) - wide basis.

If Proposal-A fails, an enhancement of 2-8 mills may be levied depending on a formula in the Back-up Plan.

Other education improvements include the creation of public school academies (charter schools); the development of a core curriculum; the establishment of performance standards consistent with the core curriculum; the establishment of state-endorsed high school diploma; an increase in the hours of instruction from 900 hours in 1994-95 to 1080 hours in 1999-2000; and the creation of a professional development system.

Example Comparison of Savings!

	Current	Prop-A
A. Value of Homestead, Farmland & Buildings	\$300,000	\$300,000
B. State Equalized Value (Line A x .50)	\$150,000	\$150,000
C. School Operating Millage Rate (State Avg.)	.034	.006
D. School Operating Property Tax (line B x line C)	\$5,100	\$ 900
E. Taxable Income	\$30,000	\$30,000
F. Income Tax Rate	.046	.044
G. Michigan Income Tax (line E x line F)	\$1,380	\$1,320
H. Taxable Purchases	\$10,000	\$10,000
I. Sales Tax Rate	.04	.06
J. Total Sales Tax (line H x line I)	\$400	\$600
TOTAL TAX (sum of lines D, G, & J)	\$6,880	\$2,820

Assumptions:

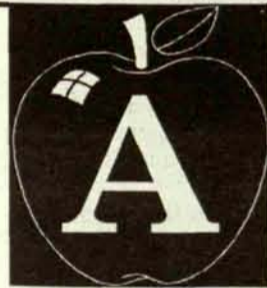
Value of Homestead, Farmland & Buildings	\$300,000
State Equalized Value	\$150,000
Taxable Income	\$ 30,000
Taxable Purchases	\$ 10,000
State Average School Operating Millage	.034

Compute Your Own Savings!

	Current	Prop-A
A. Value of Homestead, Farmland & Buildings	\$ _____	_____
B. State Equalized Value (Line A x .50)	\$ _____	_____
C. Local School Operating Millage Rate	_____	.006
D. School Operating Property Tax (line B x line C)	_____	_____
E. Taxable Income	\$ _____	_____
F. Income Tax Rate	.046	.044
G. Michigan Income Tax (line E x line F)	_____	_____
H. Taxable Purchases	\$ _____	_____
I. Sales Tax Rate	.04	.06
J. Total Sales Tax (line H x line I)	\$ _____	_____
TOTAL TAX (sum of lines D, G, & J)	\$ _____	_____

Your Figures:

Value of Homestead, Farmland & Buildings	\$ _____
State Equalized Value	\$ _____
Taxable Income	\$ _____
Taxable Purchases	\$ _____
Your Local School Operating Millage	_____



is for Michigan

COMPARISONS OF THE PROPOSAL A BALLOT QUESTION & BACKUP PLAN

	PROPOSAL A	BACKUP PLAN
<input type="checkbox"/> State Income Tax	Cuts tax from 4.6% to 4.4%	Raises tax from 4.6% to 6.0%
<input type="checkbox"/> Sales Tax	Increase from 4% to 6% (Residential utility usage is exempt) (Taxable purchases used for agricultural purposes are exempt)	No change
<input type="checkbox"/> School Operating Millage	Set for most homeowners and most farmland at 6 mills	Set for most homeowners and some farmland at 12 mills
<input type="checkbox"/> Non-homestead Property	24 mills	24 mills
<input type="checkbox"/> Cap Assessment Increases	5% or rate of inflation (whichever is less)	NONE
<input type="checkbox"/> Single Business Tax	No change	Increase from 2.35% to 2.75%
<input type="checkbox"/> State Cigarette Tax	Increases by 50 cents/pack	Increases by 15 cents/pack
<input type="checkbox"/> Real Estate Transfer Tax	(2%) 1/1/95 - 3/31/95 (.75%) 4/1/95 and after	(1%) 5/1/94 - 3/31/95 (.75%) 4/1/95 and after
<input type="checkbox"/> Personal State Income Tax Exemption	\$2,100	\$3,000
<input type="checkbox"/> Interstate Telephone Sales Tax	6% (1-800 #'s exempt)	4%
<input type="checkbox"/> Per Pupil Spending Guarantees	Will not go below 1994-95 revenues	No funding level Guarantee

FARMLAND COMPARISONS: AT WHAT MILLAGE WILL FARMLAND BE TAXED?

	PROPOSAL A	BACKUP PLAN
<input type="checkbox"/> Farmland is contiguous/adjacent to your homestead	6 mills	12 mills
<input type="checkbox"/> Farmland is not contiguous/adjacent to your homestead	6 mills	24 mills
<input type="checkbox"/> Your farmland is rented or leased	6 mills	24 mills
<input type="checkbox"/> Your gross farm income is NOT greater than your other household income	6 mills	24 mills
<input type="checkbox"/> Farmland is in a trust and you occupy the home	6 mills	12 or 24 mills
<input type="checkbox"/> Life lease on farmland	6 mills	12 or 24 mills
<input type="checkbox"/> Land contract on farmland	6 mills	12 mills
<input type="checkbox"/> Joint ownership of farmland	6 mills	12 or 24 mills
<input type="checkbox"/> Farmland in CRP (lease/rent to government)	6 mills	24 mills
<input type="checkbox"/> Farmland is share cropped (leased/rented)	6 mills	24 mills
<input type="checkbox"/> Operator/owner lives off the farmland	6 mills	24 mills
<input type="checkbox"/> Partnership of farmland	6 mills	12 or 24 mills
<input type="checkbox"/> Employee house on the farmland would be taxed at	6 mills	24 mills
<input type="checkbox"/> Seasonal housing on the farmland would be taxed at	6 mills	24 mills
<input type="checkbox"/> Family occupied 2nd farmhouse on the farmland would be taxed at	6 mills	24 mills
<input type="checkbox"/> Part of farmland leased/rented	6 mills	24 mills (leased/rented portion) 12 mills (portion not leased/rented)
<input type="checkbox"/> Family owned corporate farmland	6 mills	24 mills



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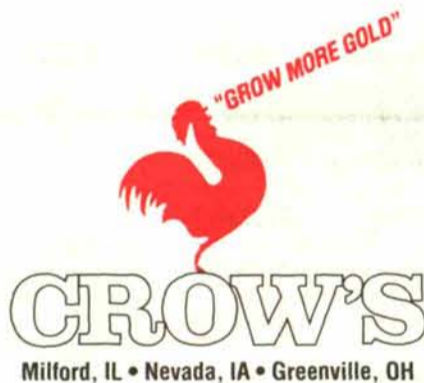
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Organizations Endorsing Proposal-A

- American Cancer Society
- Ann Arbor Chamber of Commerce
- Arthritis Foundation - Michigan Chapter
- Battle Creek Chamber of Commerce
- Central Macomb County Chamber of Commerce
- Civic Searchlight, Inc.
- Delta County Area Chamber of Commerce
- *Detroit Free Press*
- *Detroit News*
- Detroit Renaissance
- Detroit School Board
- *Farmington Observer*
- Grand Rapids Chamber of Commerce
- Greater Detroit Chamber of Commerce
- Holland Chamber of Commerce
- Kalamazoo Chamber of Commerce
- Lansing Chamber of Commerce
- *Macomb Daily*
- Michigan Association of Home Builders
- Michigan Association of Public Health Physicians
- Michigan Association of Realtors
- Michigan Beer & Wine Wholesalers Association
- Michigan Center for Rural Health
- Michigan Chamber of Commerce
- Michigan Chapter of the American College of Cardiology
- Michigan Council for Maternal Health and Child Health
- Michigan Farm Bureau
- Michigan Grocers Association
- Michigan Manufacturers Association (MMA)
- Michigan Merchants Council
- Michigan Townships Association
- Mortgage Bankers Association of Michigan
- Mount Pleasant Chamber of Commerce
- National Association of Women Business Owners - Michigan Chapter
- National Federation of Independent Business - Michigan (NFIB)
- Oakland County Chamber of Commerce
- Police Officers' Association of Michigan
- *Redford Observer*
- Small Business Association of Michigan (SBAM)
- Sterling Heights Chamber of Commerce
- Traverse City Chamber of Commerce
- *Traverse City Record-Eagle*
- Warren Chamber of Commerce

Questions and Answers

continued from page 10

3 of the last 5 years. "Agricultural use" is administratively defined as a minimum 51 percent of the land in active cultivation or fenced pasture;

A farm of 5 to 40 acres must be devoted primarily to agricultural use and produced a gross annual income of \$200 per acre in 3 of the last 5 years;

A farm designated as a specialty farm must have produced total agricultural income of \$2,000 or more in 3 of the last 5 years.

The Back-up Plan will set homestead school property tax rates at 12 mills, double the rate of Proposal-A. All non-contiguous farmland will be taxed at 24 mills, and if farm gross receipts are less than household income, all but five acres of farmland will be taxed at 24 mills. Leased or rented land will be at 24 mills.

Q. What is the Impact of Proposal-A on the State Budget?

A. Both Proposal-A and the Back-up Plan will require state budget reductions from current spending levels. Proposal-A will require the state to spend about \$591 million less; the Back-up Plan will require the state to spend about \$350 million less. The impact, however, will likely be small since state revenues have been running ahead of expected levels for the last two years.

Q. What is the Impact of Proposal-A on Local Government?

A. If the ballot proposal passes, the cap on State Equalized Value (SEV) increases of 5 percent or the rate of inflation, whichever is less, will help hold down local government tax increases. However, because the cap does not affect new construction and because property will be reassessed upon its sale, local government will generally continue to see revenue increases somewhat higher than the rate of inflation. The Back-up Plan contains no SEV caps, doing nothing to hold down local government spending.

COLLEGE MAJORS



Careers in Agriculture Agriscience Education Profile:

Ronald Behrenwald, 1992 Graduate

"I became a teacher because I wanted to have an impact on young people . . . to really make a difference in their lives."

In those few words, Ronald Behrenwald, agriscience teacher at Mason High School (Mason, Mich.), eloquently summarized the reasons behind his career choice. Behrenwald, an MSU graduate and Lakeview, Mich., native, enjoys the challenges of teaching agriscience and running a successful FFA program.

"The diversity of agriculture makes it very exciting to teach," he said. "Every day is different. I'm teaching practical, hands-on skills along with the needed textbook material."

Behrenwald was raised on a farm, and has always loved agriculture. In high school, he was also deeply affected by his experiences with the FFA.

"I don't know of any youth organization that has provided the type of leadership experience that FFA can," he said. "Here in Mason, I have 50 student members, a new and very energetic FFA alumni association and strong support for FFA from the community."

Already planning to pursue a master's degree in either school administration or general science, Behrenwald, who taught one year in

MSU Major Profiles: Ag and Natural Resources Communications and Agriscience Education

Kirk L. Heinze

In the past 10 years, two majors in the College of Agriculture and Natural Resources have produced eight out of 13 "Outstanding Senior Leaders" and a myriad other student organization presidents and officers. What is it about the Agriculture and Natural Resources Communication (ANR Comm.) and Agriscience Education (Ag. Ed.) students that they aspire to leadership roles?

"Both of our undergraduate programs are designed to develop strong communications, teaching and leadership skills among our students," said Dr. Jake Wamhoff, chairperson of the Dept. of Agricultural and Extension Education (AEE).

"Our society is in growing need of young women and men who can speak, write, solve problems, adapt to change, think creatively and, most important, lead," Wamhoff added. "In AEE, we are committed to identifying, nurturing, preparing and graduating just these types of people."

Of the 65 students enrolled in the Ag. Ed. major, about half will become agriscience teachers. The others, who take fewer teaching-related classes and more agriculture cour-

ses, are preparing for positions in agricultural sales, management, and human relations.

According to Randy Showerman, Ag. Ed. instructor and advisor, the program places 100 percent of its teacher candidates and 75 percent of its general agriscience grads in full-time positions within two months of graduation.

"All our students have a strong foundation in basic and applied science," Showerman said. "They also take more in-depth course work in at least two agriculture or natural resource-related disciplines, like Animal Science or Forestry."

Like their counterparts in the agriscience major, the ANR Comm. students have enjoyed strong job placement rates over the past decade. The program has placed approximately 75 percent of its graduates in jobs directly related to agricultural or natural resources journalism, advertising, public relations or marketing communications.

ANR Communications majors take equal numbers of courses from the College of

Agriculture and Nat. Resources and the College of Communication Arts. This enables the students to learn from faculty experts across several disciplines and to share classes with students majoring in such diverse areas as horticulture, advertising, resource development and journalism.

"Our students must be able to convey difficult technical information to a variety of consumer and industry audiences," said Kirk Heinze, ANR Comm. associate professor and advisor. "They must have solid writing, speaking and listening skills, and they must be able to intelligently express agricultural and natural resources-related information and issues."

For more information about either the Agriscience Education or the Agriculture and Natural Resources Communication major, contact the Dept. of Agricultural and Extension Education, 410 Agriculture Hall, M.S.U., E. Lansing, MI 48824, or fill out and mail the coupon below.

Ag and Natural Resources Communications Profile: Renee Howard, 1986 Graduate

A lifelong love of animals has led Renee Howard from 4-H participation to a bachelor's degree in Agriculture and Natural Resources Communications, and a successful career in agricultural public relations.

Not yet 30, Howard was just named vice president for the Agribusiness Division of Fleishman-Hillard, Inc., an internationally-renowned public relations firm. Based in Kansas City, Mo., Howard helps coordinate public relations activities for national accounts such as BASF Animal Nutrition, Agri-Dyne Technologies, Inc., and the National SoyDiesel Development Board.

"When I first came to Michigan State, I enrolled in the pre-vet program," Howard said. "However, I soon realized my greatest skills were in speaking, writing and working with people."

Howard, a 1986 MSU graduate and Big Rapids, Mich., native, transferred into the ANR Communications program, and found exactly what she wanted in a major.

"The MSU ag. communications program is one of the best in the nation primarily because of its flexibility, its emphasis on teaching and advising, and its required internship program," she noted.

While still a student, Howard had several internship experiences, including stints with the American Dairy As-

sociation of Michigan, BAC&K Public Relations and the Lansing-based Neogen Corporation, where she also landed her first job.

"The internships gave me the practical experiences and skills I needed to supplement what I had learned in the classroom," she said. "Without the combination of book and 'hands-on' experience, I would not have been nearly as employable."

For those that are considering an agricultural communications career, Howard suggests that "if you like working with people and you love to write and talk about agriculture, the ag. communications field is chocked full of opportunities."



Ron Behrenwald (second from right) works with his students on one of many projects he develops as an agriscience teacher at Mason High School in Mason, Mich. The 1992 MSU Agriscience graduate enjoys the diversity of agriculture, making each school day different.



Renee Howard, vice president of the Agribusiness Division of Fleishman-Hillard, Inc. in Kansas City, Missouri, discusses a publication layout with a co-worker. Howard, an MSU graduate in ANR Communications, says her education prepared her well for her career.

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16 Consider the Woodlot as Part of Your Cropping Program

Most farmers see farm woodlots as little more than unproductive land. But a properly managed farm woodlot can contribute substantially to the farm business, says Mel Koelling, Michigan State University Extension Service forestry specialist.

The fixed costs of operating a farm are attributed equally to tillable ground and the woodlot, Koelling points out.

"So doing nothing with the woodlot costs the owner money," he says. "But if the woodlot is managed as well as the other cropland, the return per acre can be quite impressive."

Michigan has 18 million acres of timberland, nearly 60 percent privately owned.

"Most of that 60 percent is on the highest valued farmland that we have in the state, and those woodlots are highly productive," Koelling says. "Yet the management given to those woodlots is often minimal."

Depending on the kinds of trees grown, farmers can expect to harvest between 200 and 300 board feet per year, which translates into about \$45 per acre gross annual income.

"If walnut or veneer log material is growing in a managed woodlot, it is not uncommon to expect a gross annual income of \$60 to \$70 per acre," Koelling says. "I suspect that when we compare these figures with profitability of most crops, the per acre return on the woodlot will probably be quite favorable."

As with any row crop, a good yield requires good management.

"A management plan should be developed that will channel the potential of that woodlot into desirable species so that the market will compensate the owner for the investment," Koelling says.

He recommends developing such a plan with a reputable forest consultant, who will help the owner set goals and yield according to the potential of the woodlot.

"A forest consultant will assist in preparing a management plan according to the owner's objectives, prescribe what should be done in the woodlot — in essence, help the owner put it in order — and, if forest products sales are involved, assist in finding the market that will pay the highest return on investment," Koelling says.

He says that he appreciates the perspective that a competent professional forestland consultant will provide.

"Their approach is to ask the woodlot owner about his/her objectives and then help to achieve them," Koelling says. "Of course, they will charge a fee for their services, but I would say without exception that the benefit one will realize greatly exceeds the cost incurred in obtaining that professional advice."

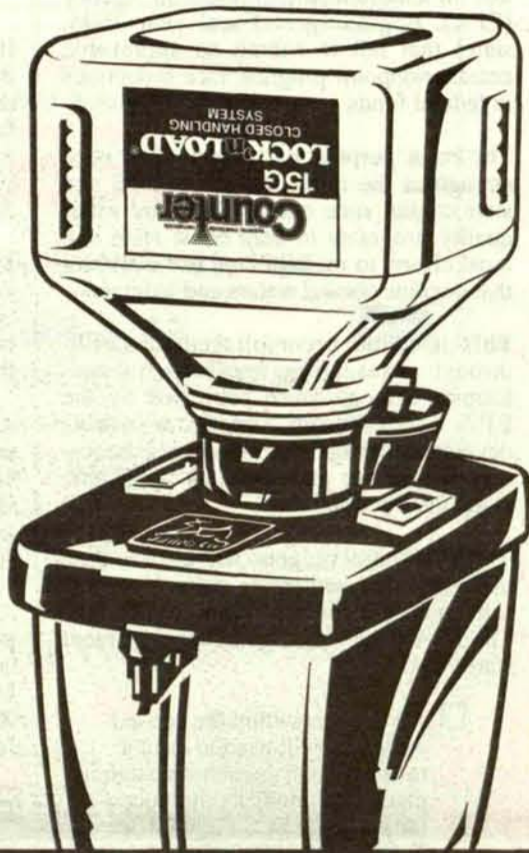
Woodlot management may meet multiple objectives, he notes.

"Management means directing the potential of the woodlot toward products of value that are consistent with the owner's objectives," Koelling says. "The objective may be economic gain, improved wildlife habitat, aesthetics, recreation or some combination of those purposes."

Koelling cautions that there is a risk looking for a quick economic fix from the woodlot.

"Good woodlot management takes time and a certain degree of commitment and continuity to reach an objective," he says. "But doing it well will greatly increase the economic and non-economic contributions from the woodlot."

More information about private woodlot management can be obtained from any county MSU Extension office or from Koelling at MSU by calling (517) 355-0094.



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March 16-17 - Michigan Grazing Conference, Mt. Pleasant, contact Ben Bartlett, (906) 228-4830.

March 19 - 6th Annual MCA Bull Test Sale, Breckenridge, noon.

March 23 - Michigan DHIA Annual Meeting, Hannah Center Ballroom, East Lansing, Business Session Starts at 10 a.m., call (517) 355-5033.

March 26 - 13th Annual Michigan Limousin Association Sale, Hillsdale Co. Fairgrounds, Show 9:30 a.m., Sale 1 p.m.

April 8-10 - Michigan Beef Expo, Ingham County Fairgrounds, Mason, call (517) 669-8589 for more information.

April 16 - Southwest Michigan Polled Hereford Association Sale, Allegan, noon.

April 23 - West Branch Bull Sale, noon.

April 30 - 4th Annual Key to Profit Sale, Escanaba, 1 p.m.

June 20-24 - Young People's Citizenship Seminar, Aquinas College, Grand Rapids, 1-800-292-2680, ext. 3234.

July 19-21 - MSU-Ag Expo, Michigan State University.

July 20 - Summerfest, MFB Center, Lansing

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