Looking Ahead to the 2020 Growing Season

- Experts examine winter and spring weather patterns
- Strategies for dealing with saturated soil conditions
- U.S. Soy celebrates 50 years of trade with Taiwan
- Preview of ag issues to be discussed in Pierre
- Tax-planning tips as you close out your 2019 books
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AGRICULTURE WORKS HERE...
What was your favorite Christmas gift you received in your childhood?

As I reminisce during this holiday season, I can't help but remember the gift of Lego building blocks from my Uncle Ronnie. A close second was, of course, the International 1256 tractor from my parents. But why were the blocks so important to me? They provided the opportunity to create and modify an endless list of items and possibilities.

As I reflect back (a sure sign of getting older), building things has been a huge part of my life. I started by helping my dad in the farm shop and worked my way up to operating the farm on my own, all while building fire trucks in my neighboring town of Lyons or designing and building all the cabinetry for someone's new home in my shop. Every one of these activities contributed to the person that I am. We are constantly building and creating our lives with our actions every day.

So, what am I busy building now? Relationships. This past year as your South Dakota Soybean Association president, one of my focus points was building relationships. These connections play an important role as we form partnerships with people in agriculture, industry, government, and even our neighbors. A great example of our focus on relationship building is the "Uniting Agriculture" social we hosted in conjunction with AgOutlook and SDSA's annual meeting. For our first year, we were pleased to have over 120 attendees from all sectors of agriculture gather for fellowship and network building. This was just one of many events we attended to help promote agriculture in the state. Watch for information on the Soy100 meeting, set for Brookings in March.

Our guest columnist this edition is Don Norton, CEO of South Dakota Agriculture and Rural Leadership (SDARL). As a class VII graduate of this program, I can attest to the value of the training and skills it provides. Take a look at the article, and if you or someone you know would be a good candidate, please share the information as SDARL will be forming class XI soon.

Congratulations to Kevin Scott on being elected as Vice President of the American Soybean Association. Kevin was a member of our SDSA board before the ASA board. He farms in Valley Springs area with his son, Jordan, who is currently on the SDSA board. The recognition he brings to our state is valuable, and we look forward to his leadership the next three years as he continues with his commitment to the farmers of South Dakota.

Congratulations also to Dave Iverson from Astoria on being elected Secretary of the United Soybean Board. Dave is past President of SDSA and Chairman of the SD Checkoff Council.

Let's all take time as we flip the calendar to 2020 to reflect back on what went right on our operations and in our personal lives in 2019. When I get discouraged, my wife reminds me of the positives in our life. It has been too easy to see what has gone against us. Take time to recognize and remember what has gone for us. Here's to a safe and better 2020!

Your neighbor,
Jeff Thompson
SDSA President
Weather or Not: Looking Ahead to the 2020 Growing Season

DTN’s winter forecasts, temperature (left) and precipitation (right)
This coming year does not look as difficult as this year, but I don’t think we’ll be flipping the switch, either, to a drier trend.”

This message from Bryce Anderson, DTN’s senior ag meteorologist, was delivered at the South Dakota Soybean Association’s annual AgOutlook event, held last month in Sioux Falls. He titled his presentation “The Reign of Rain,” which accurately depicts what we all experienced in the challenging year that was 2019.

“The situation we’ve got ourselves in is not going to completely reverse itself,” Anderson added, referring to the excess moisture all across farm country.

Will we experience rainfall amounts to the same extent we saw last year?

“I don’t think so, but we are still likely to have that feature (rain) be a part of things in the coming year,” Anderson stated.

Global trends are impacting our region

Anderson pointed to trends on the global stage that are influencing our weather patterns here. From January to October 2019, world temps were 1.69 degrees Fahrenheit above the 20th century average, the second warmest in recorded history. Even though a few areas – including the North Atlantic and here on the northern Plains – were slightly colder than usual, the global temperature hike has been enough to cause declines in Arctic sea ice.

He noted that research is ongoing, but when you have this type of reduction in the difference between temperatures in the higher latitudes and lower latitudes, “the jet stream impact is noticeable.” Rather than a “normal” polar jet stream track, the pattern becomes more wavy. This wavy pattern can lead to cold-weather outbreaks and polar vortex events like the “bomb cyclone” we experienced last March. After that spring storm, our weather patterns seemed to become stuck in a wet cycle.

According to Anderson’s presentation at AgOutlook, DTN is predicting a winter with consistent northern cold and generally below-normal temps for much of the northern Corn Belt.

“It does indicate to me that we’re going to have a slow start to fieldwork this spring,” Anderson concluded.

Wet spring / fall pattern may stay

As Anderson accurately describes, the above-normal precipitation on “book ends” of our crop seasons – spring and fall – is very problematic for growers.

“We have a heavy precipitation tendency that’s part of our scene right now,” he added. “This active pattern does not show a lot of major changes at this point.”

Graphic courtesy of DTN.
As difficult as the news is to hear, other experts also agree that this cool, wet cycle is our reality for the time being.

Dennis Todey, director of the USDA Midwest Climate Hub in Ames, Iowa, tells us that his data from the National Weather Service (NWS) Climate Prediction Center shows a risk of a cooler and wetter spring with a slightly increased chance for wetness into summer.

“Given current soil conditions and the increased likelihood of precipitation this winter, we have definite concerns about field work progress in the spring,” Todey commented. “The risk of additional precipitation exists into the early and mid-spring of 2020. We are not guaranteeing delays, but the risk is definitely there.”

Although he and his colleagues are not specifically forecasting a repeat of 2019, he notes that the soil conditions will be similar as we enter 2020 and some farmers may still have standing crops to contend with when the weather does break.

In the near term, Todey expects this weather pattern to stay with us.

“We have seen more frequent springs with above-average moisture, in South Dakota and adjacent states particularly,” he added. “There is variability year-to-year that cannot always be forecast, but the overall frequency of precipitation events seems likely, with periodic major drought events tossed in.”

“Drought” seems an out-of-place word in this conversation, but Todey points out that parts of the central and eastern Corn Belt did indeed experience mid-season dryness last summer. It was severe enough in some areas to cause yield losses. As Todey says, these precipitation trends are “exactly opposite of what we need from a crop-use perspective.”

Though Todey accurately points out the dryness that other parts of the Corn Belt experienced mid-summer 2019, DTN’s long-range forecast for summer 2020 does not—at this time, anyway—show lack of rainfall. Speaking at AgOutlook, Anderson said the current data points to an active, wet pattern for our region this summer.

“Through the summer it does not look like we’ll lack in rainfall to bring the crop along,” Anderson commented.

In the face of these weather-pattern struggles, Todey encourages giving some serious thought to how to best deal with these trends.

“We definitely need to have serious discussions about what and how we are growing, to make sure that we can be productive with the land we use and not degrade it in the process of using it for production,” Todey advised.

The mission of USDA’s regional Climate Hubs is to develop and deliver science-based, region-specific information and technologies, with USDA agencies and partners, to agricultural and natural resource managers that enable climate-informed decision-making, and to provide access to assistance to implement those decisions. Learn more at www.climatehubs.usda.gov.
For many South Dakota soybean farmers, it was a relief to turn the last calendar page on 2019. So, let’s move on. We see last year in the rearview mirror. Goodbye! Today, it’s back to the windshield and moving forward.

2020 is more than just a new year – it’s a brand new decade. You have the opportunity to grab hold of your personal desire to make positive changes in your life. This is more than just a New Year’s resolution; it’s a New Decade resolution. As ag broadcaster Orion Samuelson says, “You can’t dream big enough.” You have the power to make the “twenty-twenties” the best ever on your farm, in your family, and in your leadership life. Ralph Waldo Emerson captured that spirit when he penned, “What lies behind you and what lies in front of you, pales in comparison to what lies inside of you.”

That’s how we look at the future at the South Dakota Agricultural and Rural Leadership program (SDARL). Leaders are not born, they are developed. Leadership lies inside each person. By offering the most outstanding leadership program in the state, we help bring to life the leadership within each of our program participants – all to the benefit of an enriched and vibrant South Dakota.

At SDARL, we’re launching this new decade by graduating our 10th leadership class in April and celebrating the 20th anniversary of our organization that has produced 300 of the most passionate, informed, and skilled leaders in our state.

SDARL-trained leaders include many officers and board members at the South Dakota Soybean Association and Soybean Research and Promotion Council, in addition to the Secretary of Agriculture (and the three Secretaries before her), President of the South Dakota Farm Bureau; and the President and Vice President of the Cattlemen’s Association, among others. While these titles are impressive, so is the leadership service of other graduates to our rural communities as school board members, mayors, county commissioners, and countless other organizations where agriculture should be represented at the table.

Now, back to the personal positive changes in your life for this new decade. Currently, we’re accepting applications for our 11th leadership class that will begin in November 2020. Class members will experience 12 seminars over 18 months that will expand your network, improve your skills, increase your knowledge, and help you realize your full potential as a leader. Yes, it will take some time away from home and work. No, you won’t regret it.

I encourage you to apply for our next leadership development class. Visit our website and review the application: www.sdagleadership.com. The deadline is March 20, 2020.

It’s a new year and a new decade. This is a great time to develop a new leader for South Dakota agriculture – YOU!
Optimism Prevails at AgOutlook

By Kristin Vandersnick

Despite the challenges that 2019 dished out, a sense of optimism could be felt at the South Dakota Soybean Association’s annual meeting and AgOutlook event, held in early December in Sioux Falls.

A strong crowd of more than 500 people were in attendance, including farmers, industry representatives, and agri-business leaders. The 2019 trade show featured 73 exhibitors, filling booth spaces in the Ramkota Exhibit Hall.

South Dakota Soybean hosted a first-ever “Uniting Agriculture Social,” after its annual meeting and before the next morning’s kick-off for AgOutlook. Jerry Schmitz, executive director, said the social was an opportunity to bring together people from all aspects of agriculture.

“Through the Uniting Agriculture Social, we wanted to bring together South Dakota agricultural organizations, agri-business and related industries, policymakers, and academia for networking and shared dialog,” Schmitz commented. “South Dakota is an undiscovered country with unbridled potential. Together, through value-added development, we can design a future that grows and enriches our communities and welcomes our children to be life-long South Dakotans.”

Soybean leaders invited people from every link of the agriculture food, fiber, and fuel chain in South Dakota. Economic development and ag success stories were shared by the speakers: Kim Vanneman, South Dakota Secretary of Agriculture; Mike Jaspers, Business Development Director for East River Electric; and Joe Fiala, Community Development Director for the Governor’s Office of Economic Development.

The social was enjoyed by all, and South Dakota Soybean plans to continue hosting it as part of its annual AgOutlook event.

During the main day of the AgOutlook event, featured speakers included Bob Farmer, writer and humorist with the Farmers’ Almanac; Tom Steever with Brownfield Ag Network; and Bryce Anderson, DTN’s senior ag meteorologist. You can read more about Anderson’s weather forecast in that feature story beginning on page 6.

Steever began his remarks by acknowledging the 2019 weather difficulties, the lack of a trade agreement with China, and the low commodity prices. But, he said, “I am hearing optimism about next year,” as he walked around and spent the day with the AgOutlook crowd.

He applauded not only the attitude of the American farmer, but their productivity. As he aptly noted, a person can walk through a large grocery store and be surrounded by food in remarkable quantities and choices – all at affordable prices. In fact, Americans spend less than 10 percent of their disposable income on food, down even from closer to 18 percent in 1960.

“There’s nothing you can’t ask for in a grocery store that they don’t have. It is choice. It is affordability. It is so
much more than it used to be,” Steever commented. “And it’s the productivity of the U.S. farmer that allows us to do that. It has put us in a better place.”

The South Dakota Soybean Association presented two awards during 2019 AgOutlook.

The first was the “South Dakota Soybean Dedicated & Distinguished Award,” which was presented to Brad Powell. Powell has served as an Industry Representative on the SDSA board for many years through his role as Key Account Manager for Bayer CropScience. He received the “Dedicated & Distinguished Award” in appreciation for his many years of service, especially his work on the Hungry for Truth campaign, which he was instrumental in forming.

The honor for “South Dakota Soybean Advocate of the Year” was given this year to Walt Bones. Born and raised on the family farm near Parker that his great-grandfather homesteaded in 1879, Bones is a former South Dakota Secretary of Agriculture and a constant advocate for agriculture.

The South Dakota Soybean Checkoff Council presented their annual award for Visionary Leadership. Lynn Tjeerdsma was named the recipient of the “Visionary Leadership Award” for his significant contributions to the agriculture industry. Tjeerdsma, who is now retired as Senior Policy Advisor for U.S. Senator John Thune, has assisted with the creation of six Farm Bills during his time working in Washington.
Cropping System Inventory Shows Increase in No-Till Acres

In the wettest year on record for South Dakota, half the cropland in the state that was planted used a cropping system without tillage. That system, no-till farming, has been the predominant cropping system on South Dakota cropland in recent years, but this is the first year the practice was used to plant 50% of the state’s crops.

“It’s a milestone for farmers in this state. The incredibly wet weather we had the previous fall and in the spring of 2019 complicated planting for most farmers, and may have contributed to them meeting that milestone,” Jeff Zimprich, State Conservationist for the U.S. Department of Agriculture’s Natural Resources Conservation Service (NRCS) told an audience at the Ag Horizons Conference in Pierre.

NRCS inventories since 2004 show the use of conventional tillage has remained fairly level at about 17%. No-till percentage has grown from a 37% share of total cropping system use in 2004 to 50% this year.

“The increase in no-till percentage is coming from farmers who are moving from high-residue tillage systems to not tilling at all,” Zimprich said. “More farmers could well be moving in that direction because no-till is a key practice used with cover crops and crop rotations to regenerate and build healthy soils.”

A perception exists that wet soils need to be tilled to dry out for planting, but in 2019, a really tough year, fewer no-till acres went unplanted compared to full width tillage systems, including conventional tillage. Estimated unplanted acres in each cropping system in 2019 were no-till, 20%; mulch tillage, 39%; reduced tillage, 38%; and conventional tillage, 27%.

Jesse Hall farms in Kingsbury County, where more than 100,000 acres were unable to be planted in 2019. His land has been no-tilled for more than 30 years, and he uses a three-way crop rotation with cover crops. “I was able to plant 91 percent of my crop acres,” Hall says. “Our cover crops used up the extra moisture, and their root base helped support machinery. Our soils are absolutely better to farm now with these soil health practices.”

Like about everyone else, Brian and Jamie Johnson harvested in wet soils on their Spink County farm last fall. “We were never stuck, and rutting was minimal. We give a ton of credit to our small grains in rotation, no-till, cover crops, and cattle,” Jamie says. “It works for us. It’s profitable and sustainable.”

That kind of combination is gaining more favor across the state. More than 900,000 acres of cover crops were planted in South Dakota last year. Nine counties now have more than 30,000 acres of cover crops, and another 22 counties have between 10,000 and 30,000 acres. According to this recent NRCS Cropping Systems Inventory, 20 counties – mostly in central South Dakota – have more than 75% of their cropland under no-till systems.

Most farmers are eager to put a very challenging 2019 growing season in the rearview mirror. Extremely wet conditions throughout much of the growing season delivered nearly unprecedented challenges for Midwest farmers, especially those in South Dakota.

The best way to move on from a difficult past is to look forward to a brighter future. While there are no guarantees for 2020, proper planning now can make a big impact on crop performance and yield in the year ahead.

Dale Nelson, Production Manager for Mustang Seeds’ Row Crop Division, says in addition to soil fertility and weed management plans, “choosing the correct seed for the field is the start to potentially a good year.”

Nelson says that farmers have many traited and non-traited soybean varieties available for 2020. Mustang Seeds offers a full range of options that have been developed to meet the needs of South Dakota soybean farmers.

“Mustang Seeds is a family-owned company offering many choices in soybean selections,” Nelson says. “The two most recent choices for 2020 planting are the Liberty Link GT27™ and the Enlist E3™ soybeans. Also in Mustang’s offering are Roundup Ready XTend®, Roundup Ready 2 Yield® and conventional soybeans.”

Another new and exciting soybean trait will be the XtendFlex® soybeans with a 4-way trait stack, giving farmers options for herbicide choices. “We anticipate seed production planting in the spring of 2020,” Nelson says.

Choosing the right traits is important, but a variety of other agronomic considerations should weigh into a grower’s decision on what seed varieties to plant. Nelson says among the factors farmers need to consider are their farm’s problematic weeds and the best herbicide control for that field. Solid agronomics are also a consideration in soybean selection including row spacing, field disease history, white mold possibilities, soil pH, weed spectrum, and soil texture.

“White mold was a widespread factor in 2019 with all the excess moisture in the fields,” Nelson adds.

Because 2019 ended on a wet note for many South Dakota farmers, it’s likely 2020 will start off wet as well. In addition to white mold, farmers may need to use seed options to manage crop stressors like Iron Deficiency Chlorosis (IDC) and Soybean Cyst Nematode (SCN).

“IDC is always a factor on fields with soil pH levels of 7.8 above, along with environmental conditions able to place additional stress to young soybeans plants. SCN is another stress factor on the soybean plant during its reproductive stage,” Nelson explains.

Soybeans carry white mold and IDC tolerance ratings to help farmers narrow their variety choice. Nelson says soybeans will vary some year to year depending on the environmental. SCN soybeans have a resistance rating as susceptible or resistant. Cyst counts in many areas are rising due to increased tolerance of the PI88.788 gene. Farmers can choose other options including seeds with the Peking genetic resistance, or growers can include a seed treatment for SCN defense.

Whatever the farmer needs, Nelson says Mustang Seeds offers growers a range of viable options.

Mustang Seeds has plot and product guide information available at www.mustangseeds.com. The website also includes contact information for local district sales managers who will work with growers and help them locate a Mustang Seeds dealer to service farmer needs.
Strategies for Dealing With SATURATED SOILS

By Kristin Vandersnick

Although we all wish there was a snap-your-fingers fix for our saturated field conditions, everyone in agriculture will need to go into the year 2020 with eyes wide open to the realities of our wet weather cycle. Some strategic planning in the off-season can help prepare you for how to best approach the coming spring field conditions.

“Producers definitely need to examine soil and water management immediately,” stated Dennis Todey, director of the USDA Midwest Climate Hub based in Ames, Iowa. Todey spoke to a group of producers, researchers, and tiling contractors gathered at SDSU late last fall for a forum on agricultural water management.

“The regular wetness of soils during these high-traffic times in the field can lead to an increase in compaction issues,” Todey told South Dakota Soybean Leader after the forum. “Uncovered and tilled soils are prone to soil loss during even moderately heavy rains in the spring because of a lack of canopy cover and breakdown of soil structure. That continued loss of soil and soil organic matter leads to loss in production, loss in water-holding capacity, and continued soil degradation. These have to be addressed as soon as possible.”

Todey advises taking a big-picture approach and thinking about improvements that can be made for your farm’s long-term success.

“Longer-term changes should be considered in consultation with advisors looking at larger issues,” he added. “How are these changes in climate impacting my production and operation? How can I reduce those impacts through changes in soil and water management, cropping shifts and rotations, or other longer-term changes?”

Soil compaction worsens in wet conditions

Although the high water table is likely the culprit for our region’s saturated field conditions, SDSU’s Dr. John McMaine encourages growers to examine any underlying issues with their soils.

“The biggest thing to consider is, what’s going on that is preventing or limiting drainage in the first place? Is it a high water table? Then drainage would be a good solution,” McMaine, an Extension Water Management Engineer, commented. “But if it’s more of a soils situation, where the top several inches is a heavy clay or maybe the soil is compacted, then installing drainage won’t address that issue.”

Wet soils are particularly susceptible to compaction. It’s always best to stay out of the field until conditions are right, but when that’s not possible, then minimizing or controlling compaction is your next best management option. University of Minnesota Extension advises the following tips:

► Reduce the number of trips across the field. Wheel traffic is the major cause of soil compaction. Stay off the soil when it’s wet and adopt minimum tillage or no-till practices wherever possible.

► Control your traffic patterns. The first trip across your field accounts for an estimated 70% to 90% of soil compaction. Traveling in those same wheel tracks will create slightly deeper compaction there, but it preserves the profile of the soil between those tracks. Avoid diagonal trips across the field.

► Manage your axle loads. Heavy axle loads on wet soil conditions will increase the depth of the soil compaction. Loads beyond 10 tons per axle increase the potential for

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compaction past the tillage layer. Large tractors, combines, and grain carts can create compaction down 2 to 3 feet. Keeping axle loads under 10 tons can keep that compaction in the top 6 to 10 inches.

▶ **Optimize your tire pressure.** Proper tire inflation not only improves tractor efficiency, but it can reduce the intensity of the soil compaction. When duals or triples are added to a tractor, it reduces the carrying load on each tire, reducing the necessary tire inflation rate. This also decreases the depth and intensity of the compaction.

**Crunch the numbers on drainage**

Experts with the South Dakota NRCS are developing a Drainage Decision Tool to help producers run the numbers on installing tile on specific fields. Mark Larson, hydraulic engineer with the Natural Resources Conservation Service based in Huron, previewed the new tool during the recent SDSU Drainage Forum.

He explained that the tool is housed within a detailed Excel spreadsheet, with some cells open for the user to plug in their data and some cells directly connected to data sets that will be helpful in making calculations. Once the user adds their County and field location information, the spreadsheet connects to the Web Soil Survey, pulling in details on all the types of soils found there and the drainage class for each.

The drainage class will show “acres with little to no benefit” or “acres with potential benefit,” to help users decide whether or not installing drain tile would benefit the field, and if so, whether it would benefit the entire field or only parts of it.

In addition to being connected to the Web Soil Survey, the spreadsheet is paired with data from Mitchell Tech’s annual producer survey to provide some baseline average costs of production. These cells are automated, but there is some opportunity for users to personalize their production costs if they have more specific data.

Larson noted that the Drainage Decision Tool is meant to give a truer comparison of pre- and post-drainage profitability, yield potential pre- and post-drainage, net profit change, and years to payback. The years to payback is based on a 25-year “practice lifespan,” which may be lower than actual but is what NRCS currently uses in its guidelines. The NRCS Drainage Decision Tool is still in the development phase and not quite ready for public use, according to Larson, as he and his team are still vetting all the information that stands behind the calculations. He’s hopeful that the agency can work with the necessary organizations to finalize the data used, then the Drainage Decision Tool can become a tool used by NRCS field staff.

It could then either be picked up by an organization, business, or university to be further developed, or “it will stand on its own as a tool for starting a discussion on subsurface agricultural tiling,” Larson commented.
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**Controlled Drainage**

Drainage Water Management (DWM), as described by the NRCS, is the process of managing the timing and the amount of water that discharges from ag drainage systems. A structure for water control is installed in the tile line, which allows for management of the tile outlet elevation. DWM works best on very flat ground, but still may provide value on a variety of field conditions.

By stacking or lowering riser boards within the water control structure, the water table can be raised or lowered depending on land-use needs. Spring and fall, water table levels could be lowered to allow more optimal field work conditions. Mid-year, levels could be brought up, if needed, to bring moisture to developing roots.

Talk to your local NRCS office about developing a Drainage Water Management plan, or talk to your tiling contractor about adding the necessary components to your system.

**Drain tile is one of many useful tools**

According to the 2017 U.S. Census of Agriculture, the most recent one available, 3% of South Dakota cropland is now tiled. This may seem like a modest number, but it’s interesting to note that it represents a 69% increase over the 2012 census. South Dakota showed the third highest increase in tiled cropland acres 2012 to 2017, behind a 73% increase in Kansas and a 109% increase in North Dakota.

Nationwide, a total of 56 million acres were reported as being drained by tile in the 2017 census, up from 49 million acres in the 2012 census. This represents a 14% increase over the 5 years, as well as tile now being present on 14% of U.S. cropland.

SDSU’s Dr. McMaine commented that, in South Dakota, conversations on drain tile often fall into two camps: tile is either the worst thing ever, or the best thing ever. “In South Dakota, there’s a pretty even split,” he observed of people’s views.

“I think people need to view it more as a tool,” Dr. McMaine continued. “It is not a perfect solution, but it is a useful tool. Figuring out how it fits in each individual’s operation and installing it in a way that can manage water both in the wet times and the dry times.”

Dr. McMaine is a proponent of controlled drainage, which allows more options for managing your water table at different times of the year and in different moisture conditions.

**Build up your soils**

In our current wet weather cycle, water infiltration rate and water-holding capacity will be critically important to our soils. Dr. McMaine encourages producers to look at introducing more organic matter into your system, using higher biomass crops, trying cover crops, and employing minimal tillage.

“Organic matter is kind of a win-win for both wet and dry cycles,” he commented, noting that you get better water infiltration but also better water-holding capacity.

He acknowledges that these changes take some time to implement, but long-term the benefits will definitely be felt.

“In general, improving the ability to manage water also improves the ability to manage a lot of other things down the road,” McMaine commented.

Marcia Deneke, NRCS Conservation Agronomist, offers a couple pieces of advice for wet conditions as well.

“If we anticipate saturated conditions in the spring, and the opportunity arises, producers can potentially dormant seed a cool-season cover crop,” Deneke said. “This would allow it to start growing and utilize some of the water prior to planting a cash crop.”

She noted that producers would need to follow the cover-crop termination guidelines to meet crop insurance requirements, and work with their crop insurance agent to ensure that the termination guidelines are met.

One final word about tillage: “There is an important aspect to consider if producers are thinking about using tillage to dry the soil. If the soil is in an area that is depressional and is saturated, there is a potential for the tillage to delay drying,” Deneke noted. “Tillage causes the surface to dry, but breaks the connectivity of the macropores from below the tillage layer to the surface. This traps the moisture below the tillage layer, delaying the drying process.”
Customers all over the world want a sustainable ingredient. And few crops can deliver sustainability like U.S. soy. It’s a huge selling point we use every day to entice more and more customers for more and more #Cropportunity.
Since 1969, U.S. soybean farmers have been building relationships and collaborating with partners in Taiwan to help meet that country’s soybean import and processing needs.

South Dakota was among the states represented recently on a U.S. Soybean Export Council (USSEC) sponsored trade mission to Taiwan, celebrating the 50th anniversary of this relationship and reinforcing its importance for all in the soybean value chain.

On the trip, Kim Vanneman, South Dakota’s Secretary of Agriculture, accompanied Jerry Schmitz, executive director of South Dakota Soybean, and Tim Ostrem, director for the South Dakota Soybean Research & Promotion Council.

“Trade missions like this one in Taiwan are so important to increasing the demand for U.S. soy,” commented Ostrem, who farms near Centerville. “It’s a great opportunity for buyers to meet the U.S. soybean farmers and put our faces and stories to the product.”

In 50 years, the trade relationship has grown exponentially. In 1969, Taiwan imported only 472,000 metric tons of soybeans from the United States.
For the most recent marketing year, U.S. soybean exports to Taiwan exceeded 2.2 million metric tons. U.S. soybean farmers have an 86% market share for Taiwan’s soy. The nation ranks 7th on our list for top soybean exports.

Soy foods are a staple in the Taiwanese diet, and the market relies heavily on the U.S. to supply it with oils for cooking and soybean meal to meet the country’s pork and poultry production needs.

The USSEC trade mission to Taiwan brought together a significant collection of grower leaders and government officials representing key soybean-producing states. In addition to our South Dakota representatives, leaders from Minnesota, Indiana, Kansas, Missouri, North Carolina, Ohio, and Illinois took part.

Among other activities, grower leaders and ag department representatives engaged with Taiwanese buyers, customers, and other key stakeholders at the following events:

U.S. Soy and Oil Outlook Conference and 50th Anniversary Celebration – nearly 200 Taiwanese buyers and purchasers attended the USSEC-organized conference in Taipei, where attendees met with grower leaders, agricultural department officials, and other value chain stakeholders about the sustainability attributes and competitive advantage of U.S. Soy.

Taiwan Customer Engagement – grower leaders and agricultural department officials visited with representatives of TTET Union Corporation’s crushing facility and Chung Fen tofu factory in Southern Taiwan. USSEC maintains a strong relationship with both strategic partners, a statement reinforced by company representatives during each of these meetings.

To learn more about how USSEC and the U.S. soy community works in collaboration with international buyers and customers to grow demand, visit ussec.org or ussoy.org.
Most of us in agriculture are eagerly turning that calendar page, ready to put the challenges of 2019 behind us. Before we completely turn our attention to 2020, however, there are some tax considerations you may want to keep in mind as you’re closing out your 2019 books.

**When to take crop insurance income**

First, let’s talk a moment about crop insurance and how that factors into your 2019 income. Since South Dakota led the nation in prevented planting due to weather, many of you are dealing with those PP acres to some degree. When looking at those crop insurance payments, it’s important to differentiate between the two types: insurance covering production and insurance covering price.

Income from insurance covering production can be deferred to the next tax year. Income from insurance covering price cannot. If you do elect to defer crop insurance proceeds to next year, be sure to note that on your Schedule F by checking the box at 6c and entering the deferral amount on line 6d.

By Heath Kooiman, CPA
Consider commodity wages

With proper planning, there are ways for farmers to work around a tax burden they don’t desire. “Commodity wages” are one such example. These can be a useful tax-planning tool because, unlike traditional wages, commodity wages are not subject to federal withholding, Social Security, or Medicare. Here’s an example:

Mr. and Mrs. Farmer are raising corn and soybeans. They either have employees on their farm, or they want to pay themselves as employees. At any point after harvest, they deliver their commodity to the elevator. The commodity is then transferred to the employee’s name for him or her to sell, which transfers the risk to the employee. A few weeks later, the sale of the commodity can be completed and the employee can be paid for that grain by the elevator.

The key is that the commodity must be available for sale at an elevator or a similar point of sale, like a soybean processing plant or an ethanol plant.

An entity gives your farm flexibility

Many farmers file a Schedule F to report their profit and loss from self-employed farming, but there are other options to consider. A farm can also operate as a Partnership, as an S corporation, or as a C corporation. Having a business entity for your farm does offer some flexibility for tax-planning purposes. Consider this example:

Mr. and Mrs. Farmer are farming on a Schedule F. They are not allowed to rent the land they own from themselves as an expense on a Schedule F and show rent income on Schedule E. But, if Mr. Farmer and Mrs. Farmer created a Partnership on the farm land or a portion of it, the farm could pay the cash rent out of the farm account to the Partnership.

In this scenario, if the farm has $200,000 in taxable income from operations and the fair value rent to the Partnership for land rent is $125,000, they have reduced their taxable income subject to self-employment tax by $125,000.

There are some excellent tax-planning strategies farmers can use, but many of them are not available unless you go through the effort of creating a business entity. If your farm does have a business entity, you are afforded so many more options for planning. Many farms employ several different entities, depending on the family and business situations.

There are many opportunities presented here, but also caveats. Be sure to communicate with your accountant or tax-preparer in advance, and be detail-oriented on the paperwork side of things. With a business entity comes more management, some additional paperwork and a few filings with the Secretary of State, but your farm will benefit from better flexibility at tax time.

Best wishes for a prosperous 2020!

ABOUT THE AUTHOR: Heath Kooiman is a CPA and Partner with the Woltman Group, PC, certified public accountants and business advisors based in Sioux Falls, South Dakota.
Ag Issues to Watch

THIS YEAR IN PIERRE

By Lorin Pankratz, South Dakota Soybean Association Lobbyist

The 2019 Legislative Interim Committees have completed their work, and a couple of the committees have adopted draft legislation to recommend to South Dakota’s 2020 Legislature.

The Ag Land Assessment Task Force adopted two pieces of legislation to be considered:

1. An Act to authorize the Secretary of Revenue to contract with certain entities for purposes of maintaining a database to determine agricultural income value and to specify the mandatory and permissive data of the database.
2. An Act to require certain adjustments to the assessed value of agricultural land if factors impact the land’s productivity and to require those adjustments to be documented.

Neither of these are likely to be controversial.

The interim committee on “Electric Services in an Annexed Area” took a lot of testimony and drafted two pieces of legislation:

1. An Act to require certain annexation information be provided to electric utilities.
2. An Act to require negotiation and allow petition to the Public Utilities Commission prior to an election to provide electric service in an annexed area.

Almost immediately after the committee’s last meeting, the municipalities voiced disagreement that the draft legislation was not what had been agreed to. Additional meetings and calls took place, but no compromise has been made.

All ag organizations are encouraged to discuss this issue, as your energy comes from the rural electric cooperatives.

The South Dakota Soybean Association took a position to support legislation in the 2019 Legislative Session that was brought forward by the Rural Electrics.

To review all the Interim Committee work, go to http://sdlegislature.gov and click on 2019 Interim. Select a committee and you can review the agendas, minutes, and documents.
The South Dakota Department of Agriculture (SDDA) adopted rules to increase the inspection fee on feeds and they are looking to increase fees on pesticide labels, as well as on commercial applicators and could possibly remove the personal farm exemption.

A meeting to discuss these issues and potential SDDA legislation was held in Pierre on December 18. Jerry Schmitz, SDSA Executive Director, and I participated via teleconference. SDDA staff indicated that they would be bringing “red tape clean-up” legislation regarding the pesticide registration legislation, as well as legislation regarding applicators, both commercial and private. Staff shared that they plan to bring legislation raising fees on applicators as well, but they did not have any hard numbers to share at that time.

The following day, meeting participants received a draft copy of those two pieces of legislation. In SDDA’s “red tape clean-up” legislation, an item to note is the repeal of an inactive advisory committee related to pesticide container recycling and the pesticide disposal program.

I did some research and found that the advisory committee was created in 1992. At that time, the law read that the Secretary of Ag “may” appoint this committee. In 2008, legislation was brought forward to increase fees and change the distribution formula for the collected fees, at the same time changing the word from “may” to “shall.”

The Secretary of Ag was mandated by the Legislature to appoint the advisory committee. It’s unclear if this ever happened. Now it seems like they want to discontinue the committee. Further discussion on the pros and cons of discontinuing the committee might be appropriate. The following is a link to the legislation passed in 2008. http://sdlegislature.gov/statutes/Session_Laws/DisplayChapter.aspx?Session=2008&Chapter=208

The other piece of legislation we obtained is on “Pesticide Regulation and Enforcement.” This draft addresses a number of regulatory issues, but one item of significance is a section that repeals SDCL 38-21-38, the personal farm use exemption.

SDDA is doing an internal review of what it costs them to provide certain services, such as legal and accounting and others, to the 13 Boards, Commissions, and Councils that are under its jurisdiction. This would include the state checkoff groups, the Animal Industry Board, the State Brand Board, and others. SDDA is approaching this through a Letter of Intent with the Joint Appropriations Committee. It is possible SDDA may be looking to charge these groups for whatever services SDDA deems necessary. At some point – hopefully before they decide to move forward – the Department will reach out to the affected groups looking for feedback.

Rep. Lee Qualm, Republican from District 21, met with the South Dakota Soybean Association board in November to discuss legislation to allow for the growing, transporting, and processing of hemp. The positions of the Governor and most of the Legislature do not seem to have changed.

As of this writing, there seems to be considerable discussion about possible changes to zoning laws, but nothing seems to be very clearly outlined nor do we know who is bringing anything. Several ag organizations adopted similar resolutions with respect to extending the timeframe for which a Conditional Use Permit (CUP) would be valid, so that the timeframe would extend beyond and injunctions or appeals have been exhausted. This certainly makes sense, but we are unaware of what the specific language on this or any other zoning issue might be.

As always, your SDSA Public Policy Committee will be reviewing the legislation mentioned above and any others that impact your industry as the 2020 Legislative Session gets underway on January 14.

May God Bless each of you and your families.
Lorin Pankratz,
SDSA Lobbyist
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