



Fall 2023

Daviess County
Office

Comments from Clint

Farmland value is an ongoing topic in agriculture. It is the foundation of equity in farm businesses. Farmland value indicates the health of a regional agricultural economy. Each August the USDA releases the results of a survey of farmland values. UK Extension Professor Dr. Steve Isaacs studied the most recent report for observations about Kentucky which are shared in the following discussion.

The survey includes data from approximately 9,000 tracts of land of about one square mile each across the continental United States. The survey takes place in early June and reports the separate values of cropland and pastureland, and the value of all land and buildings. The average farm real estate value is the widely reported farmland value. This year the national average is \$4,080/acre, an increase of 7.4% from 2022. State-level values are also reported. Kentucky's farm real estate values increased 8.0% to \$4,700/acre. Kentucky's average cropland values increased 9% from \$5,000/ac to \$5,450/ac. Kentucky's pastureland value was up 4.6% from \$3,250/ac to \$3,400/ac.



Nationally, average cropland values increased 8.1% to \$5,460/ac from \$5,050 a year earlier. US pastureland value increased 6.7% to \$1,760/ac. Land values are determined by a number of factors including

productivity, local demand, and other quality or location attributes. Simply put, land prices are set locally. The USDA averages are a broad indicator of changes in land values. They do not represent the per-acre prices for specific tracts, nor are they an average of sale values.

While land value changes generally exceed the rate of inflation, it is noteworthy that after the farm financial crisis began in 1982, nine of the next eleven years saw negative inflation-adjusted farmland values. Since 2000, nominal (below actual value) farmland values have decreased only twice, 3.7% in 2009 with the Great Recession and another 0.3% decrease in 2016 reflecting lower commodity prices compared to previous years. From \$1,090/ac in 2000, farmland values rose nearly three thousand dollars per acre to \$4,080 in 2023, a 274% increase. Adjusted for inflation farmland values still doubled since 2000, from \$646/ac to \$1,364. There have been five years since 2000 when land value changes failed to cover inflation.

Is land a good investment? The trend lines in nominal and real values are upward, but don't go up every year. Since 2000, nominal land values have increased an average of 6.0% per year and even accounting for inflation, land values have increased 3.5% per year on average.

Figure 2: Kentucky & U.S. Farm Real Estate Values (\$/ac) 2000-2023

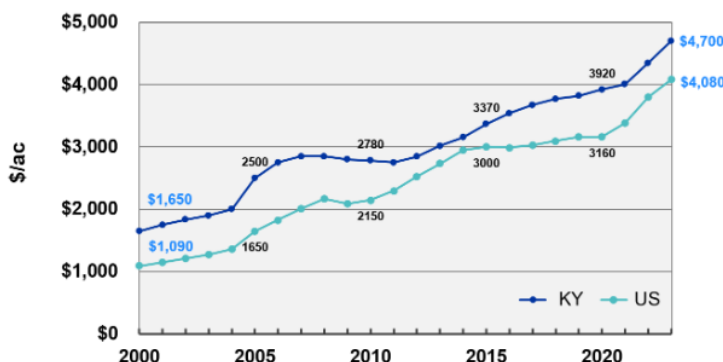
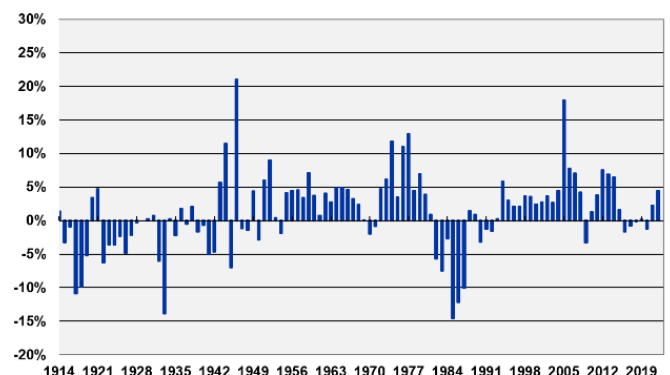


Figure 2 is a comparison of Kentucky land values with the national trend since 2000. Kentucky's values trend generally with national values but exceed the national average while trailing most Midwestern states.

Figure 4: Annual Percentage Change in U.S. Farm Real Estate Values 1914-2022 (inflation-adjusted)



If we subtract the annual inflation rate from the nominal percentage change we see the results reflected in Figure 4. The pain of the 80s farm financial crisis is quite evident and lasted for over a decade.

COMMUNITY NEEDS ASSESSMENT SURVEY

The University of Kentucky Cooperative Extension Service in the Martin-Gatton College of Agriculture, Food and Environment is launching a comprehensive community assessment survey to identify and prioritize opportunities for targeted efforts to help communities thrive and shape the future of Kentucky’s extension services. Programming areas in Cooperative Extension include agriculture and natural resources, family and consumer sciences, 4-H youth development, and horticulture in Daviess County.

The 2023 community assessment will collect insights from across the state. Community members will rate areas where they need practical education or assistance in agriculture and environment, youth development, community and economic development, and family/individual development.

The data will identify and guide state-level priorities and pinpoint specific county-level issues. We encourage everyone to participate in the 10-minute community needs assessment survey. Please click this QR code or visit <http://go.uky.edu/serveKY>. Or call my office at 270-685-8480 to request a paper copy be sent to you.

GRAZING AFTER FROST

Remember to use caution when grazing pastures that have johnsongrass, sorghum, sudangrass, or wild cherry in them after frost because toxic levels of prussic acid may develop. Standing plants killed by frost are normally safe to graze after one week. Beware of areas in fields that may not have been affected by the initial freeze but may be killed by later frosts. Hay that has dried enough to be safely baled will not contain toxic levels of prussic acid.

KENTUCKY AGRICULTURAL LEADERSHIP PROGRAM CLASS 14

The Kentucky Agricultural Leadership Program (KALP) is seeking participants to engage in its two-year leadership experience. A program designed to empower the next generation of young agricultural producers and agribusiness professionals. Nomination deadline is October 15.



The next cohort of KALP participants will engage in eight in-state and study seminars in Washington D.C., the Pacific Northwest and Southeast Asia. KALP’s curriculum encompasses a range of development topics including leadership styles, strategic planning, civil discourse, global markets and trade, and domestic and international policy.

Approximately 330 KALP alumni including more than twenty in Daviess County hold a wide range of local, state and national leadership positions in agriculture and rural communities.

The University of Kentucky Martin-Gatton College of Food, Agriculture and Environment administers KALP, assisted by an advisory board comprised of regional universities, farm groups and program alumni. KALP is a statewide program with over 200 financial supporters including individuals, alumni, farm organizations and the Kentucky Ag Development Board.

Class 14 will begin in February of next year and is slated to graduate in August 2025. Self-nominations from interested agriculturalists are welcomed

For more information, or to nominate/self-nominate, visit <https://kalp.ca.uky.edu/>.



Daviess County participants from Class 12 L left to Right: Anthony Jones, Wes Poole, Jim Gilles, Daniel Hayden with fellow classmates Jennifer Tucker and Melissa Miller

Depreciation Changes 2023

By: Suzy Martin, Farm Management Specialist for Ohio Valley Farm Analysis Association

It is important to understand the challenges facing tax preparers when it comes to accelerated depreciation and equipment purchases with trade-ins. The Tax Cuts and Jobs Act (TCJA) passed in 2018 had three significant changes to capital purchases and trade-ins.

First, Section 179 increased to \$1,000,000 and is indexed for inflation. For 2023 a deduction is allowed for up to \$1,160,000 of capital purchases in the year they are placed in service. The deduction is limited if total capital purchases are greater than \$2,890,000. It can only be used for capital items with a useful life of less than 20 years. The deduction is also limited to taxable income. In other words, it cannot be used to push the Schedule F negative. The decision to use Section 179 can be made on each piece of equipment individually and items can be partially accelerated.

The second change was to Bonus Depreciation. Bonus Depreciation allows for an 80% deduction for any new or used capital assets with a useful life of 20 years or less and placed in service in 2023. There is no limit to the amount of Bonus Depreciation that can be taken regardless of how much total capital purchases are or what the taxable income is. However, the decision to take Bonus Depreciation is made on a class-by-class basis. This means the equipment gets grouped by age and Bonus Depreciation is taken on all capital items in that class or none. It is important for tax planning purposes to note that Bonus Depreciation will decrease to 60% in 2024, 40% in 2025 and will be 20% in 2026.

The TCJA also changed how trade-ins were reported on a tax return. Previously, trade-ins were handled as a like-kind exchange. The purchase price of the new piece was the difference between the cost and trade value. Any basis left on the traded piece continued to depreciate. The ability to report equipment trades as like-kind exchanges was eliminated with the TCJA. Now, the trade-in is reported as a sale of equipment and any depreciation recapture or gain is reported on Form 4797 on the tax return.

From a tax management standpoint, it has not been uncommon since the TCJA to see a tax return that had significant gains reported on Form 4797 due to large ticket items being traded-in and Bonus Depreciation being used to offset those gains. This results in a negative Schedule F. However, as mentioned before, Bonus Depreciation will continue to decrease over the next 3 years. Remember, Section 179 cannot be used to run the Schedule F negative. The task lies in helping clients manage their taxes with large gains reported on Form 4797 but at the same time not having the bonus depreciation as a tool to manage their overall taxable income levels. Make sure to seek tax planning advise before the end of the year to avoid surprises.

EXTENSION WHEAT YIELD CONTEST RESULTS

Congratulations to Jeff Coke and Jason Crisp for accomplishing a record highest overall yield reported in the 2023 Kentucky Extension Wheat Yield Contest at 143.42 bushels per acre. This No-Till State Champion was measured in McLean County. Tanner Stroup had the highest 2023 yield measured in Daviess County for the contest at 127.61 bushels per acre.



FALL CATTLEMEN'S ASSOCIATION MEETING

A meeting of the Daviess County Cattlemen's Association will be held at Bittel Hall (Daviess Co Fairgrounds) on November 8 at 6:00 p.m. On the agenda for the evening is election of officers for the upcoming year and recognition of the 4H/FFA feeder calf project participants and award recipients.



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www.instagram.com/daviesscountyextension/

DAVISS COUNTY RESEARCH AND DEMONSTRATION PLOTS

The Daviess County Cooperative Extension Service and KCTCS Adult Farmer Education Program led by Troy Muse collaborate each year to conduct an expansive corn and soybean variety demonstration program. Plot results are available on my website at <https://daviess.ca.uky.edu/anr>. Once all fields have been harvested and data compiled, plot books will be printed. They should be available to pick up in mid-November.

Opportunity to host a plot is open to anyone willing to volunteer their time. The seed is provided and all management decisions are left to the farm to decide. A plot typically takes three hours to plant and three hours to harvest. If you would like to host a location next year, please call me at 270-685-8480.



AGRICULTURAL LENDERS CONFERENCE

COLLEGE OF AGRICULTURE, FOOD AND ENVIRONMENT



The Agricultural Lenders Conference, hosted by the Ohio Valley Farm Business Analysis Association is planned for 9:00a.m. to noon on December 12 at the Henderson County Cooperative Extension Office. This program is open to all individuals or businesses involved in extending agricultural production credit, farm loans, and crop insurance to farmers and landowners in the Green River area. Credit Analysts, grain marketers and farm business income tax preparers are also welcome. Always well attended, this program provides participants with the global macro-economic situation including updates from South American agricultural production and challenges which directly influence the United States, and update of the grain, cattle, tobacco and poultry economic outlook for the upcoming year. The purpose is to help businesses become better prepared to serve their farming clients for the upcoming season.

AGRICULTURAL DEVELOPMENT FUND UPDATE

The Daviess County Agricultural Development Council appropriated a portion of the 2023 agriculture development fund to the Green River Area Beef Improvement Group to administer the County Agricultural Investment program. Applications are available by calling the Extension office to make the request. Applications are mailed from the Green River Area Beef Improvement Group. Projects must be complete and application and supporting documentation postmarked on or before November 30. Call the extension office for more information. The funding categories and items eligible for reimbursement are online <https://www.kyagr.com/agpolicy/2023-Program-Guidelines-and-Applications.html>

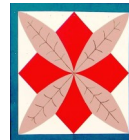
FDA PRODUCE SAFETY GROWER TRAINING (ON ZOOM)

December 5, 2023 8:00 a.m.- 5:00 p.m.

Last Day to Register is November 2, 2023

Costs \$100 (KY resident), \$120 (out of state)

For more information and links to register and pay, please contact Dr. Paul Priyesh: Phone: 859-257-1546; Email: (paul.v@uky.edu)



Clint Hardy
Daviess County Extension Agent for Agriculture and Natural Resources Education
Email: chardy@uky.edu

Cooperative Extension Service

Agriculture and Natural Resources
Family and Consumer Sciences
4-H Youth Development
Community and Economic Development

MARTIN-GATTON COLLEGE OF AGRICULTURE, FOOD AND ENVIRONMENT

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Disabilities accommodated with prior notification.

University of Kentucky presents 2023 Fall Crop Protection Webinar Series

Beginning Nov. 2, 2023, the University of Kentucky Martin-Gatton College of Agriculture, Food and Environment will present a series of four webinars covering field crop protection. Hosted through the Southern Integrated Pest Management Center, the webinars will feature UK extension pest management specialists discussing weed science, plant pathology and entomology topics. Continuing education credits for Kentucky pesticide applicators and Certified Crop Advisors will be available.

The Thursday morning webinars will take place via Zoom at 10 a.m. EST/ 9 a.m. CST, and pre-registration is required for each webinar. The webinars are open to agriculture and natural resource County extension agents, crop consultants, farmers, industry professionals, and others, whether they reside or work in Kentucky or outside the state.



Dr. Kiersten Wise

Webinar #1: *Do multiple corn fungicide applications pay?*

November 2, 2023

Registration: https://zoom.us/webinar/register/WN_CfQFt0dQSnq5ifdnaSre7A



Dr. Carl Bradley

Webinar #2: *What have we learned from nearly two decades of research on soybean with foliar fungicides?*

November 9, 2023

Registration: https://zoom.us/webinar/register/WN_3SvKPhEDSSWcYhnUnLrvsQ



Dr. Travis Legleiter

Webinar #3: *Managing the offensive spread of weeds*

November 16, 2023

Registration: https://zoom.us/webinar/register/WN_SIOzGyibQiOk4A6pTRHGmw



Dr. Raul Villanueva


Webinar #4: *Insects in field crops during two years of partial drought and heat wave*

November 30, 2023

Registration: https://zoom.us/webinar/register/WN_AqvCh08TQGCAJXvKxqdwFA

Goat and Sheep



University of Kentucky
College of Agriculture,
Food and Environment
Cooperative Extension Service
 4-H Youth Development



Field Day

Saturday, November 4 from 10 am – 2 pm
in the Curtsinger Building at the
Daviness County Lions Club Fairgrounds

Shawn Harper, the Adult Ag Instructor with West Kentucky Community and Technical College will cover the topics including: parasites and dewormers, hoof trimming and care.

Cost is free/participants should bring lawn chairs.

Lunch will be provided for those who RSVP by November 1.

To RSVP, or with any questions, please call

Clint Hardy or Stacey Potts

Daviness County Extension Office

270-685-8480

Cooperative Extension Service

Agriculture and Natural Resources
Family and Consumer Sciences
4-H Youth Development

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Disabilities
accommodated
with prior notification.