

Agricultural Situation

A Report to Water Availability Task Force

22 June 2006



Prepared By

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**Colorado
State**
University
Cooperative
Extension

Putting Knowledge to Work

Overall Situation

as of 19 June 06 Report from
USDA - Colorado



- Extremely dry is eastern and southern sections.
- Soil Moisture Conditions
 - Topsoil = 41% Very Short
= 43% Short
= 16% Adequate
 - Subsoil = 43% Very Short
= 42% Short
= 15% Adequate

Winter Wheat

as of 19 June 06 Report from
USDA - Colorado



- Crop Rating
 - 70% **Mostly Poor to Very Poor**
 - **Continuing to Deteriorate**
- Yield Per Acre
 - Anticipated = 23.0 bushels ??
 - 2002 = 22.0 bushels
 - Average (1996-2005) = 31.6 bushels
- Sales
 - Anticipated = \$190.4 million (@ \$4.14/bu)
 - 2002 = \$131.8 million (@ \$3.63/bu)
 - Average (1996-2005) = \$216.9 million (@ \$3.11/bu)

Alfalfa

as of 19 June 06 Report from
USDA - Colorado



- Crop Rating
 - 32% **Mostly Poor to Very Poor**
 - **Continuing to Deteriorate**
- Production
 - **Significantly down**
 - **Impact on livestock and horse sector**
- Price (15 June)
 - **Utility/Fair (Grinder) = \$ 85 - \$120**
 - **Premium/Supreme = \$120 - \$220**

Irrigated Crops

as of 19 June 06 Report from
USDA - Colorado



- Corn
 - 8% **Mostly Poor to Very Poor**
 - **Continuing to Deteriorate**
 - **Irrigation supply concerns**
- Other Crops
 - 50% **Mostly Poor to Very Poor**
 - **Continuing to Deteriorate**

Livestock

as of 19 June 06 Report from
USDA - Colorado



- Current Herd (as of 1 Jan 2006)
 - 82% of 2001 Herd
 - Significant numbers currently moving “off-ranch”
 - Younger, more productive cows now being sold
- Options
 - Local Pasture
 - CRP
 - Private pasture not available
 - Availability of water is questionable
 - Feed (hay high priced if available)
 - Move to Pasture (\$3.25/loaded mile = \$75+ per cow)
 - Sell (capital gains taxes, sale of production unit)

Pasture & Range

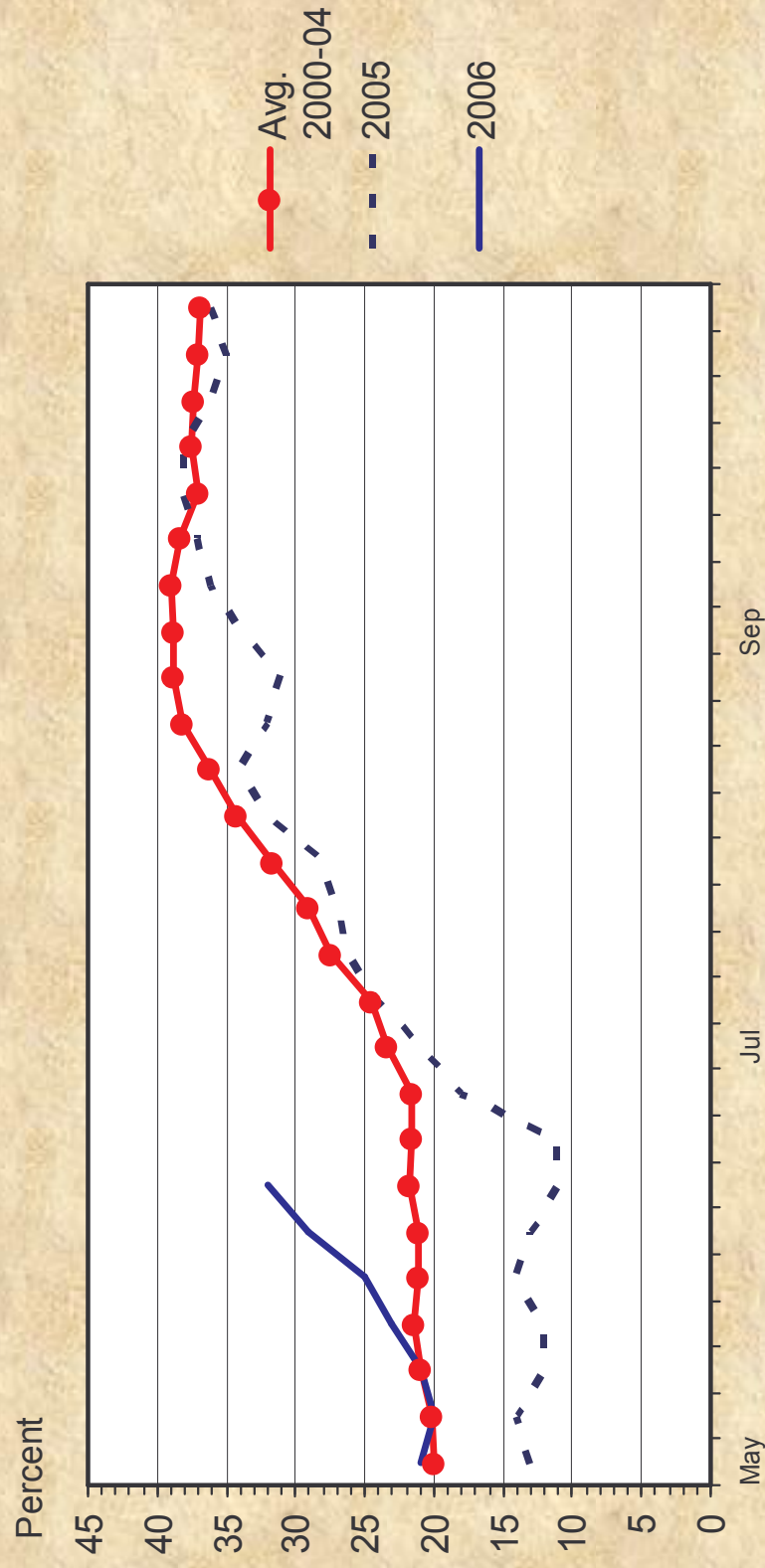
as of 19 June 06 Report from
USDA - Colorado



	Good - Excellent	Fair	Poor	Very Poor
June 14	9%	24%	31%	36%
June 19	7%	25%	38%	30%

US RANGE AND PASTURE CONDITION

Percent Poor and Very Poor, Weekly

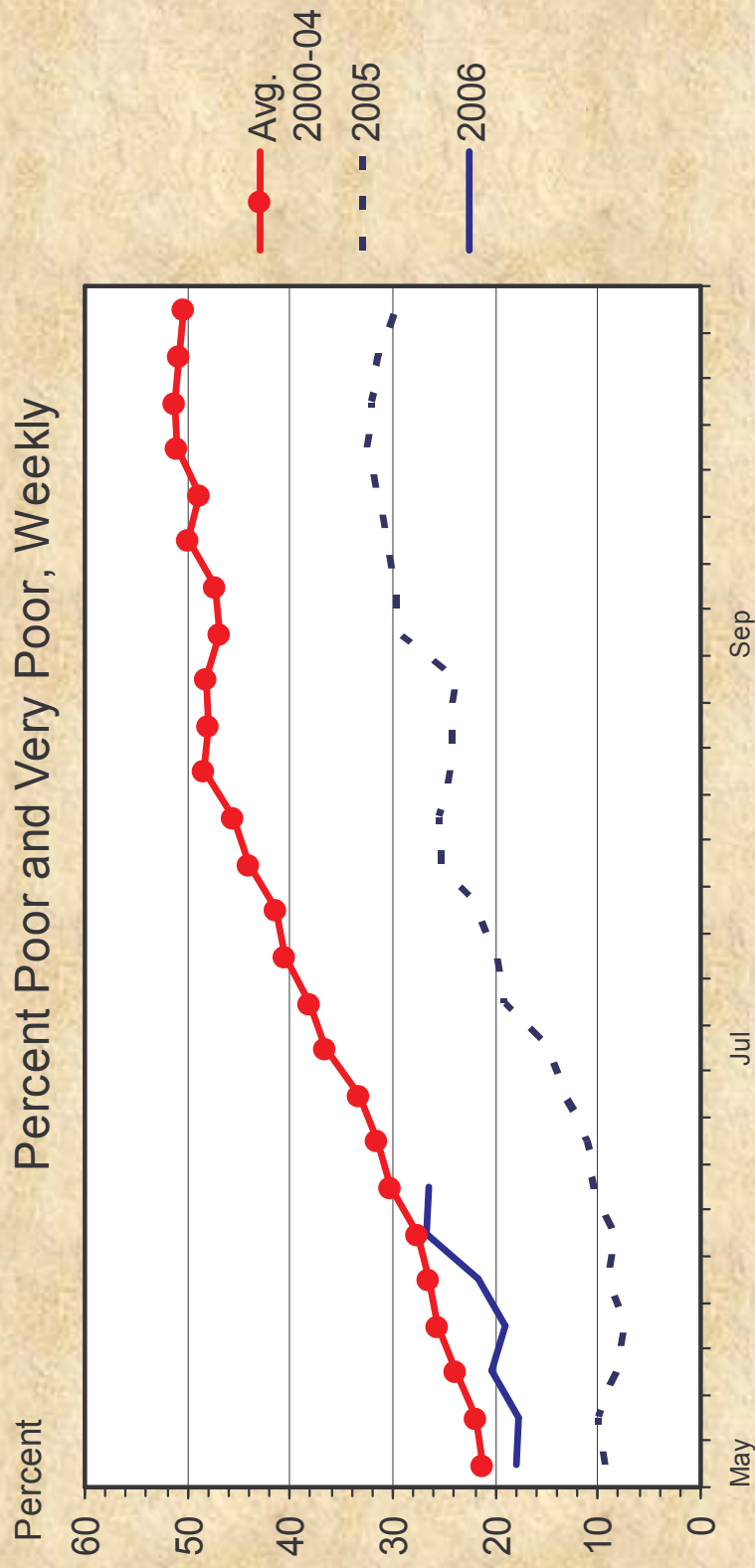


G-NP-30
06/20/06

Livestock Marketing Information Center
Data Source: USDA/NASS

WESTERN REGION RANGE AND PASTURE CONDITION

Percent Poor and Very Poor, Weekly

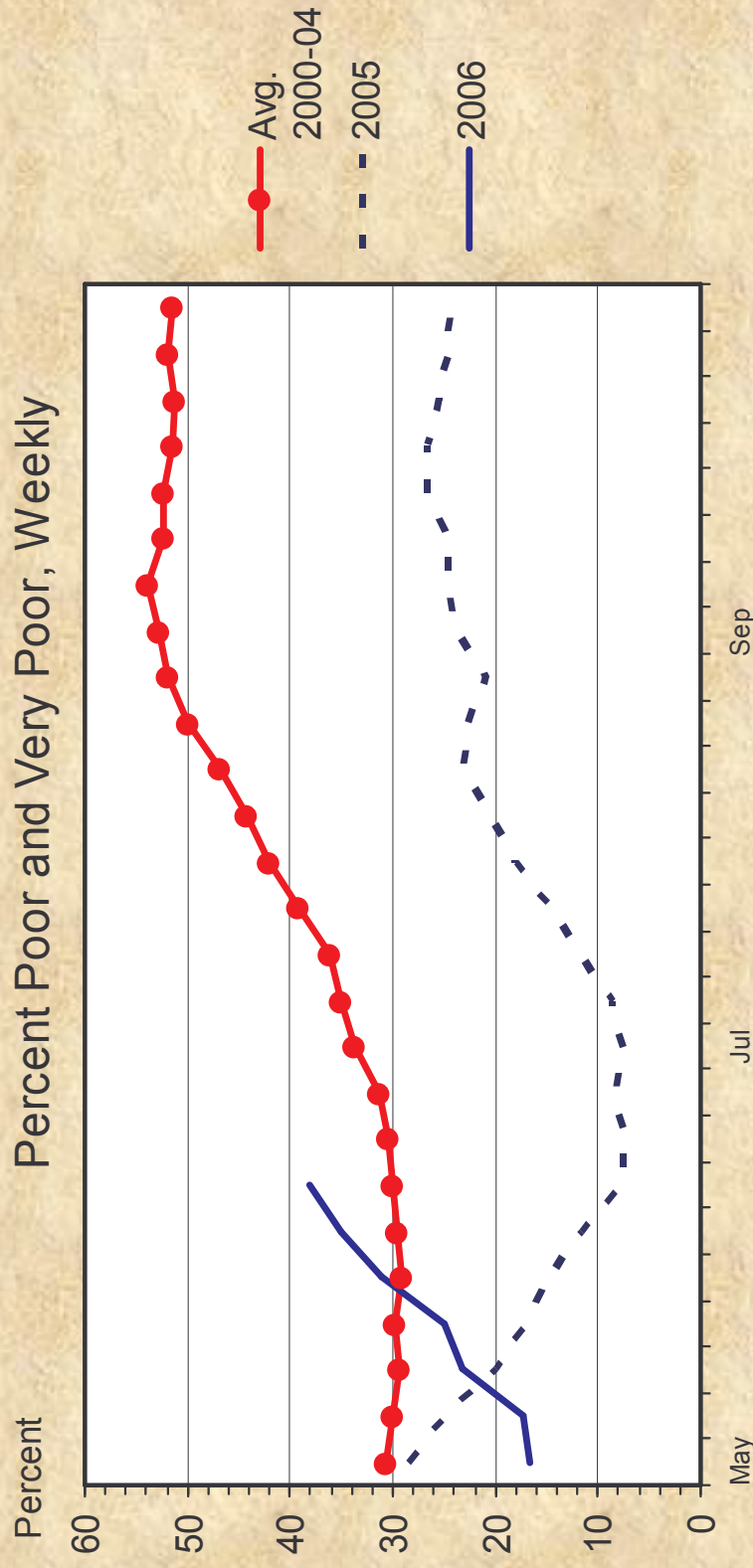


G-NP-31
06/20/06

Livestock Marketing Information Center
Data Source: USDA/NASS

GREAT PLAINS REGION **RANGE AND PASTURE CONDITION**

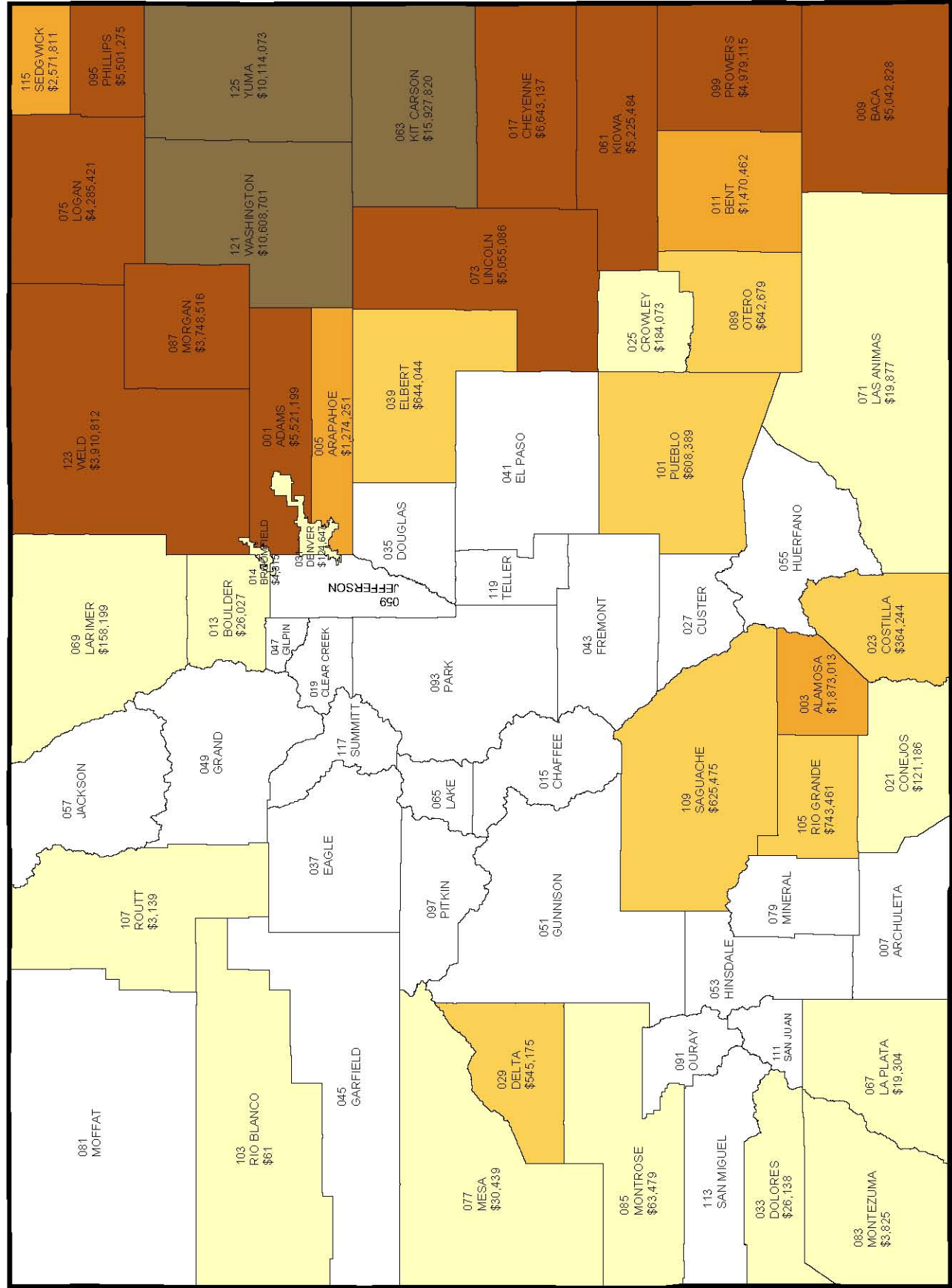
Percent Poor and Very Poor, Weekly



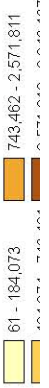
G-NP-32
06/20/06

Livestock Marketing Information Center
Data Source: USDA/NASS

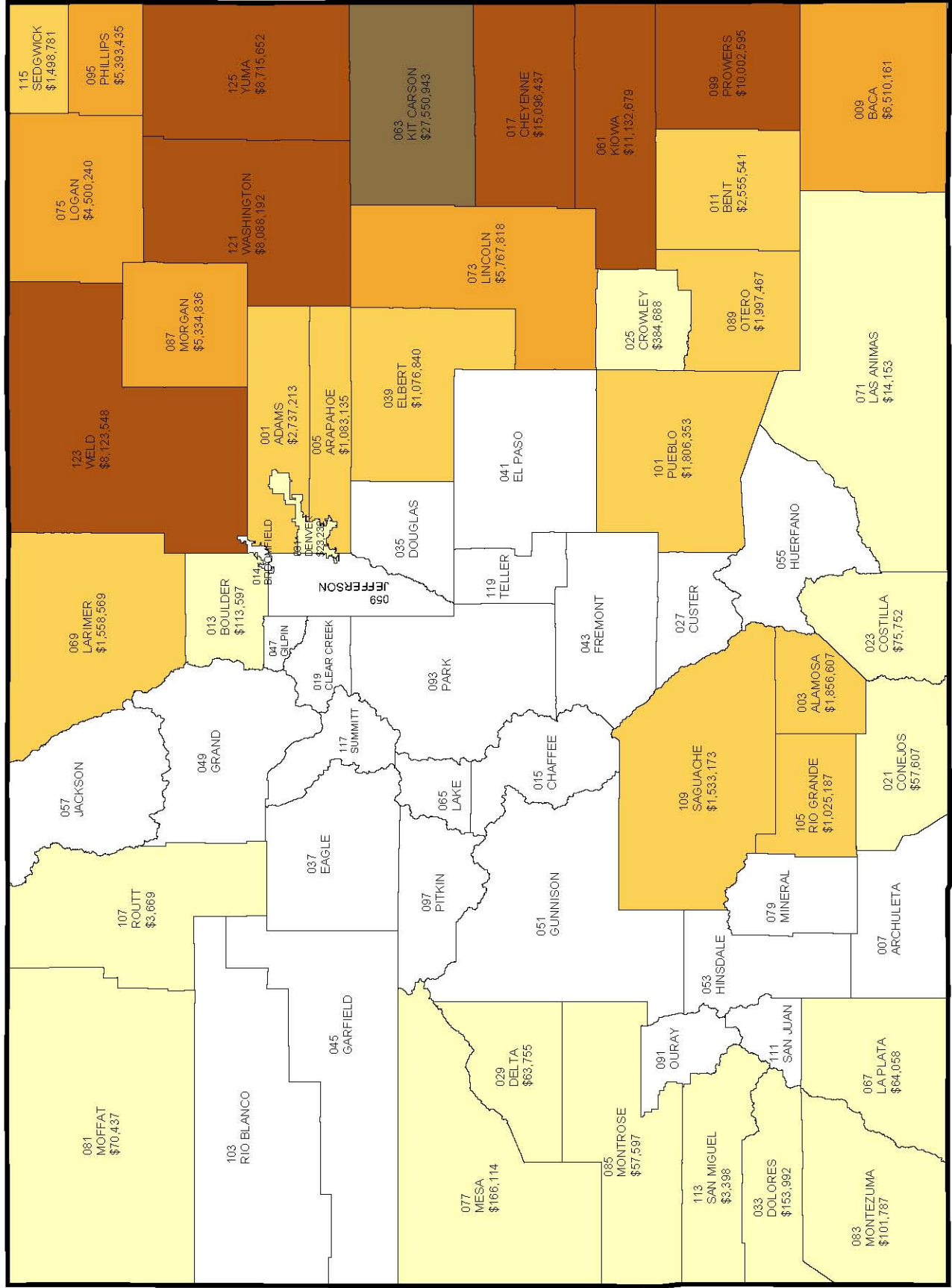
2005 INDEMNITY



2005 Indemnity Grand Total = \$98,711,180



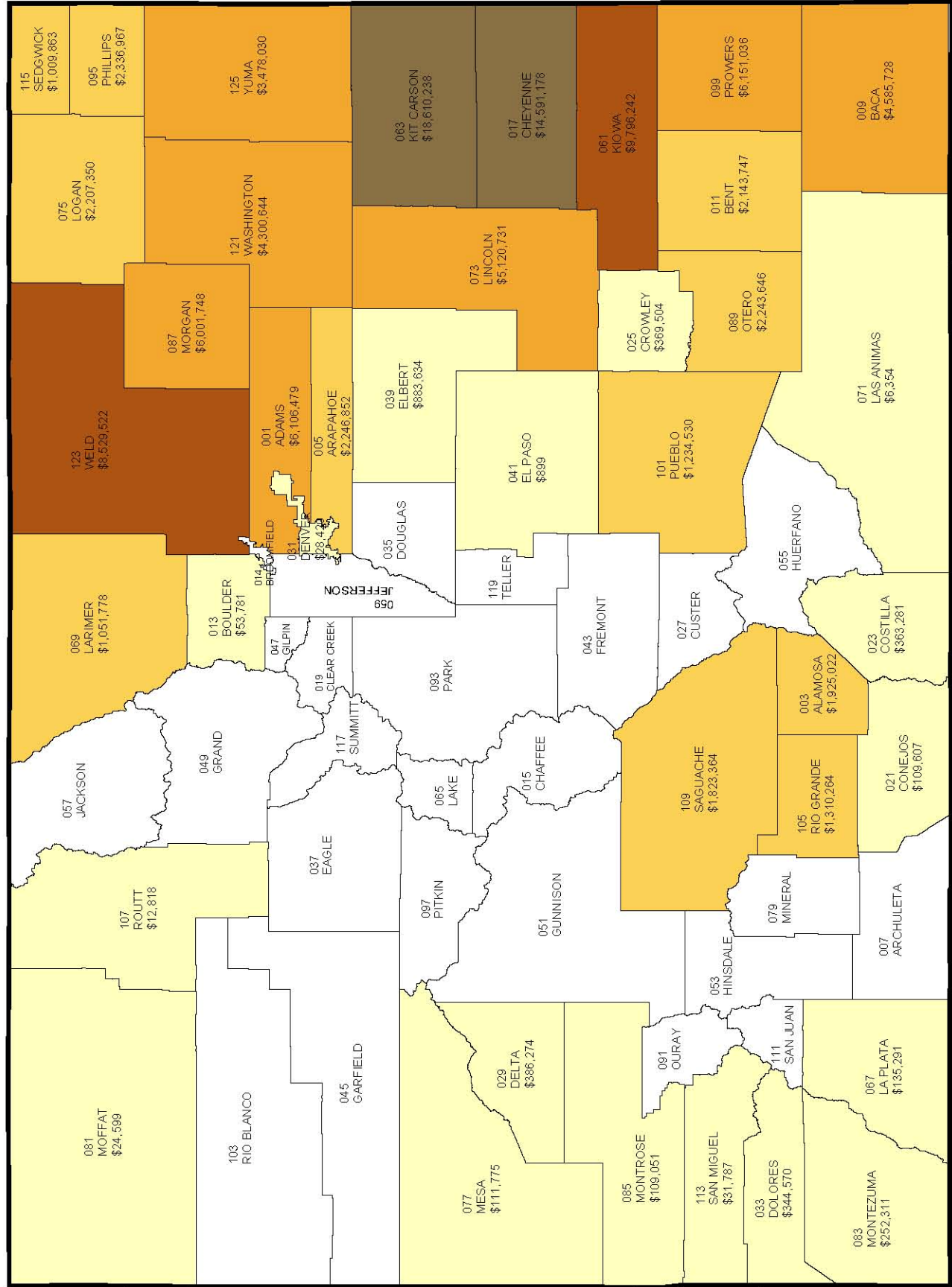
2004 INDEMNITY



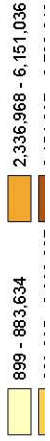
2004 Indemnity Grant Total = \$136,299,238



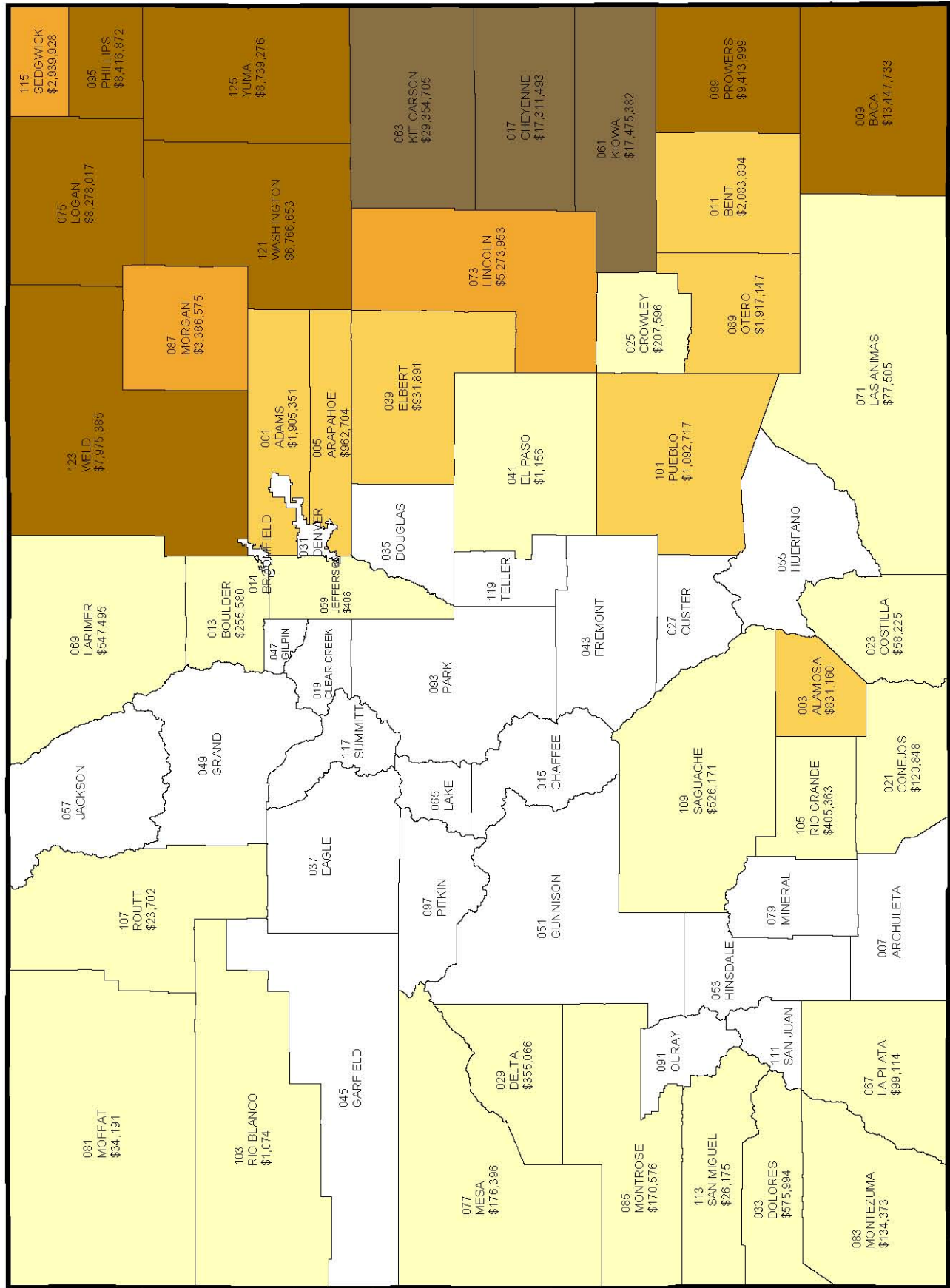
2003 INDEMNITY



2003 Indemnity Grand Total = \$110,028,915



2002 INDEMNITY



2002 Indemnity Grand Total = \$152,301,751



100

	2,916 - 305,202		1,164,282 - 2,707,130
	305,203 - 1,164,281		2,707,131 - 5,067,988



Disaster Declaration



County Emergency Board

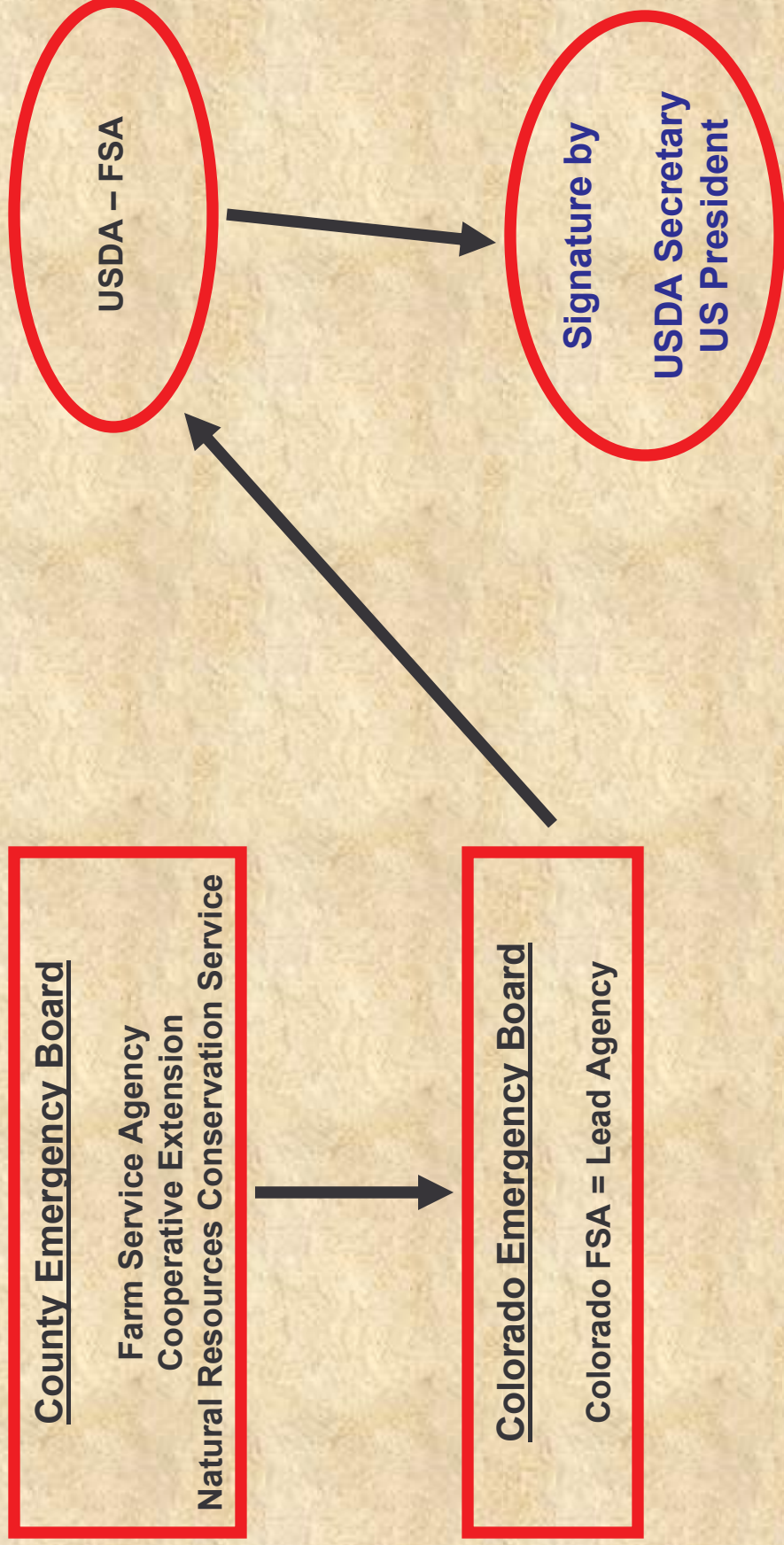
Farm Service Agency
Cooperative Extension
Natural Resources Conservation Service

Colorado Emergency Board

Colorado FSA = Lead Agency

USDA – FSA

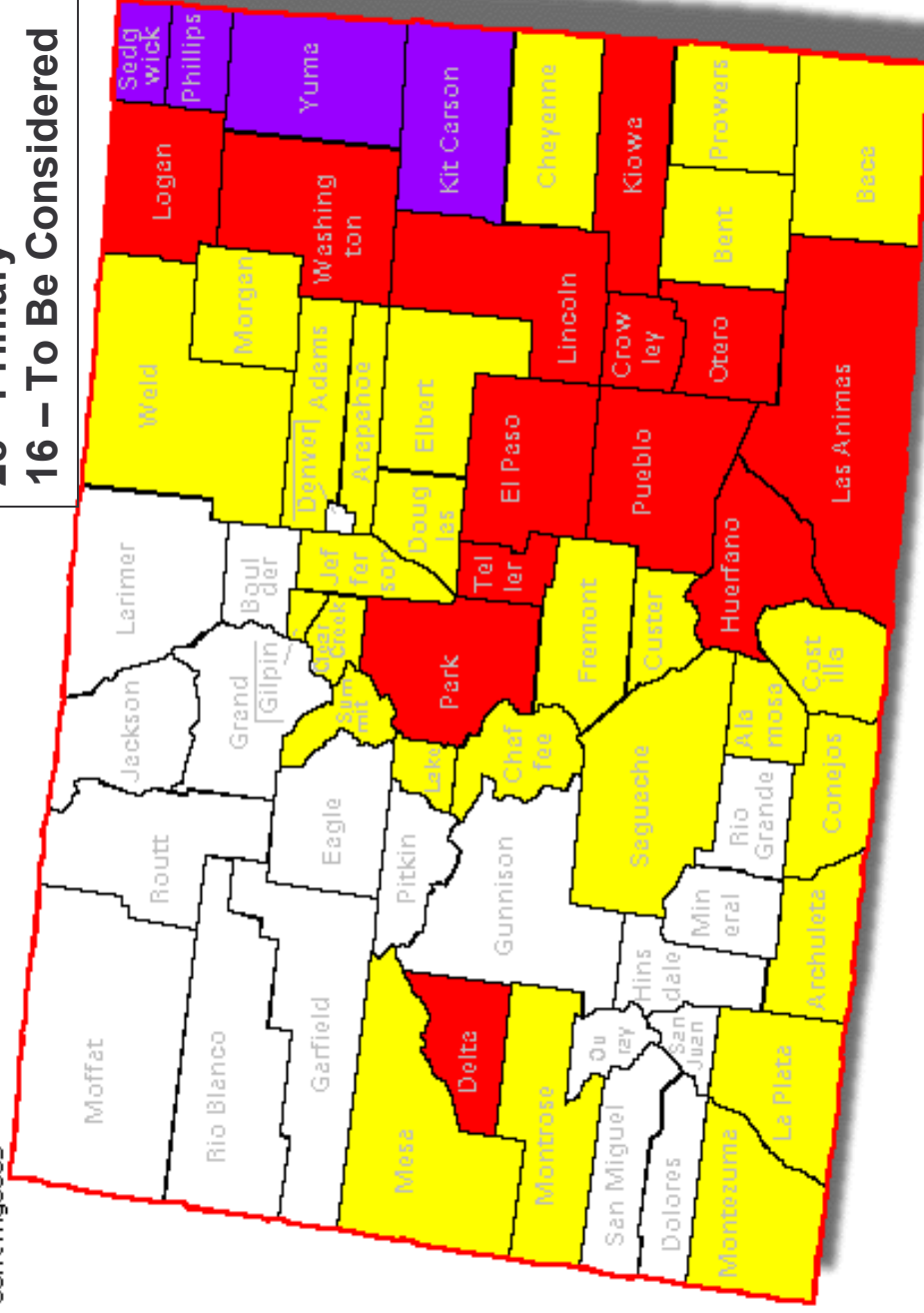
Signature by
USDA Secretary
US President



COLORADO COUNTIES - DISASTER DECLARATIONS (as of 21 June 06)

- Presidential
- Primary
- Continguous

4- Presidential
28 - Primary
16 - To Be Considered



6-21-06

<https://disasterhelp.gov/portal/jhtml/usda/>

Disaster Declaration



- Presidential
 - Rarely, if ever, for drought.
 - Tax code = 1033(h).
 - Emergency monies.
- Secretarial
 - Tax code = 451(e).
 - Approval of requested solutions (programs and loans).

Disaster Designations



- Contiguous
 - Low interest loans (FSA).
 - Tax codes.
- Primary
 - Emergency programs.
 - Loan interest loans.
 - Tax codes.

Impacts to Producers



- Low interest loans.
- Insurance.
 - Crop, through Risk Management Agency
 - Non-insured crops (NAP), through FSA
 - Livestock revenue program (LRP)
 - AGR-lite (not yet available)

Impacts to Producers



- Emergency programs
 - Feed
 - Grazing CRP
 - Grass is not good.
 - Forego 25% of payment.
 - Limited time period.
 - Haul water.
 - Livestock Water (cost share)
 - Hauling (flat rate)
 - Refurbishing wells (50:50)
 - Erosion controls

Internal Revenue Code



- **1033(e) - Breeding livestock.**
 - **Postpone recognition of capital gains for 4 years.**
 - Purchase like type animal with same dollars.
 - **Official drought designation not required.**
- **451(e) - Feeder livestock.**
 - **Delay recognition of income until next year.**
 - **Official drought designation required.**
- **1033(h) – Breeding livestock.**
 - **Capital assets.**
 - **Transfer basis.**
 - **Presidential declaration required.**

CSU Responses



- CSU-CE Drought Task Force
- Development of decision tools and information.
- Web site (links, articles, decision tools, etc.).
- Producer meetings
- Research
 - Drought
 - Limited irrigation management
- Partnering
 - CO Dept of Ag
 - NRCS, FSA, Conservation Districts, Irrigation Ditches
 - Risk Management Agency (crop insurance)
 - Others

Thank You!



www.ext.colostate.edu/menudrought.html

www.coopext.colostate.edu/tranel

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