

OUR VIEW

Beef tax credit needs closer examination

MISSOURI legislators have provided the state's beef industry with a gift horse. Although it's not considered good etiquette, we should look this gift horse in the mouth.

The Qualified Beef Tax Credit Program has good intentions. It gives Missouri cattle producers more incen-

tive to background or finish their calves here. This editor and others before me at *Missouri Ruralist* have always prodded producers to keep more beef dollars in the state by backgrounding and retaining ownership of their calves.

The Missouri General Assembly appropriated \$3 million for the Qualified

Beef Tax Credit Program for the fiscal year beginning July 1, 2008. You can find provisions for this credit in Section 135.679 of the Missouri Revised Statutes, or visit www.mda.mo.gov/Financial/qualifiedbeef.htm. In summary, producers will receive a 10-cent-per-pound tax credit if they keep feeder calves on

the farm and add 200 or more pounds to their frame before selling.

The first thing to question is the amount — \$3 million will not go far in today's agriculture economy. In a state that produces some 2 million calves per year, that boils down to only \$1.50 per calf. At the 200-pound minimum weight gain, that could cover a maximum of 150,000 calves.

In reality, only a few producers will benefit. Interestingly, it's the dairy producer who could ultimately reap the most benefit. "A dairyman who takes 100-pound bucket calves and feeds them out to a Holstein finish weight of 1,400 pounds could receive a \$130-per-head tax credit," points out Ron Plain, University of Missouri ag economist.

Missouri has an estimated 64,000 cattle producers today. I believe the beef tax credit will interest many producers, but few will make the effort to apply. Many will refuse to provide the records and subject themselves to the tedious prequalifying and final application process. (They want to see three years' worth of your farm's financial statements, for crying out loud.) After downloading a Qualified Beef Tax Credit application and reviewing all the records required, I found the process quite complex.

Long-term solutions

Tax credits and other mandates are just band-aids. To build a more profitable beef industry in Missouri, we need to focus on improved quality — not just more pounds — of beef.

Just look at Dave Patterson's successful Show-Me-Select Heifer Program. Through education, demonstrations and a marketing plan, beef producers involved in the program have made steady improvements in the genetics, nutrition, health and fertility of their replacement heifers. The program has sparked buyer demand and built a quality reputation for our cattle. A similar program for their steer-mates would be a good start and would benefit more producers across the state.

If we really want to keep more beef dollars in the state, we need to attract a beef packer who wants to harvest good Missouri cattle. Now, that's a gift horse we could ride to the bank.

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