

Sizzling summer, record drought taking a toll on dairymen

“Out of the frying pan and into the fire” describes the situation that Texas dairy producers are in this summer. Summertime in Texas is always a hard time for dairying, but this summer will always be remembered as among the worst of the worst for today’s dairymen. The entire state is experiencing an extreme drought – now officially the worst one-year drought on record – with no sign of relief. It is very humbling to travel throughout the state and not see green fields and cattle grazing.

The need for forage is becoming the only topic of conversation for most dairymen and cattlemen. It has just been announced that the national cattle herd is at an all time low. With record volumes of cattle at most Texas sale barns, the future of the beef supply is in jeopardy. It will be at least four years before these herds can be replenished to the point that they are producing at needed levels.

The lack of beef cattle at feed lots offers a new option for dairymen. Feedlots are discussing dairy calves as an option

for their lagging numbers in the future. With sexed semen and better conception rates, we could see older cows bred to beef

bulls to replenish the lagging beef cattle market.

Every day a dairyman, rancher or friend calls and asks about hay contacts and availability. Distance is no longer a factor when

it comes to finding hay for feed. This year Texas dairymen will have to move hay an unprecedented distance, and the cost of this forage also will be record setting.

The Texas Association of Dairymen (TAD) has talked with Texas Agriculture Commissioner Todd Staples about aid in moving hay to Texas dairy farmers. His office has been in contact with BNSF Railway to request a reduced rate to transport hay to Texas. This is still an ongoing discussion, but TAD will continue to look for ways to bring you information on any relief that can be found.

You will find a roundup of the drought situation, and some avenues for relief, on Page 3 of this *Dairy Dispatch*.

(Continued, “Drought, Page 2)

Director’s Update Darren Turley



Briefing Sen. Cornyn on the drought

Dairymen Tom Hoff and John Traweek (far right at main table) and TAD director Darren Turley (not pictured) were among the farmers and ranchers invited to meet recently with U.S. Senator John Cornyn of Texas (center, top) at the Lampasas Cattle Auction. Sen. Cornyn hosted a roundtable discussion about the ongoing drought’s impact on agriculture. ■

Two new laws could impact agriculture

By Shayne Woodard, TAD lobbyist

The Texas Capitol is quiet during this period between the end of the special session and the start of interim studies and hearings. The action now is in the political arena, from Gov. Rick Perry’s presidential run to announcements from state representative candidates.

It’s a good time, though, for dairymen to be aware of two bills passed during the last session. These bills impact ag sales tax registration and water rights during a drought.

First, House Bill 268, effective Jan. 1, 2012, will impact someone who claims an exemption from sales tax on the purchase of certain items used in the production of agricultural and timber products.

The law requires a person claiming an exemption from sales tax on such purchases to provide a registration number issued by the Texas Comptroller of Public Accounts on the exemption certificate issued to the seller. The Comptroller will provide a registration number to you upon your successful application for registration.

(Continued, “Laws,” Page 2)

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Appeals court ruling could open permit cases to challenge by Waco

By Jim Bradbury, attorney

The Austin Court of Appeals recently issued two separate rulings reversing decisions by the Texas Commission on Environmental Quality that denied standing to the City of Waco and the Bosque River Coalition to contest individual dairy permits.

The written opinions by the Court not only send the two dairy permits (O'Kee Dairy and Leyendekker Dairy) back for contested hearings before the State Office of Administrative Hearings, but the rulings significantly alter the standards that will be used by the Commission to determine whether protestants are entitled to contested administrative trials on permits of any type.

The TCEQ granted both dairy permits after receiving voluminous comments and requests for a contested hearing from the City of Waco in the O'Kee dairy matter and the Bosque River Coalition in the Leyendekker Dairy matter. In the O'Kee case, the City of Waco argued that it was an affected person such that it should have standing to pursue a contested trial on the permit. The Bosque River Coalition, an entity formed by the City of Waco, made similar arguments in the Leyendekker case on behalf of three members of the Coalition who lived a few miles downstream of the dairy.

In both cases, the Commission ruled that the parties seeking an administrative trial were not affected persons and therefore administrative trials were not needed. The permits were granted by the TCEQ, but the City of Waco and the BRC filed appeals over the rulings. The Court of Appeals in both cases found that the TCEQ should have referred the disputes to the State Office of Administrative Hearings for a determination of whether the parties were affected as well as other referred issues.

These rulings are expected to increase the likelihood that the City of Waco and the Bosque River Coalition will gain administrative trials over dairy permits and have the same effect on permit proceedings in other areas regulated by TCEQ. ■

Testing changed for sale of cattle

As of Aug. 1, the Texas Animal Health Commission (TAHC) no longer requires brucellosis testing of adult cattle for change of ownership. TAHC also has stopped paying the \$2 per head supplement to markets for the testing. About half of the markets have indicated, however, they will continue testing all or some of the adult cattle sold through their markets. ■

USDA looking at plans to improve traceability

The U.S. Department of Agriculture's Animal and Plant Health Inspection Service has issued a proposed rule to establish general regulations to improve the traceability of U.S. livestock moving interstate if an animal disease event takes place. Under the proposal, livestock moving interstate would have to be officially identified unless specifically exempted.

Comment period ends Nov. 9. For more information, visit <http://www.aphis.usda.gov/newsroom/2011/08/pdf/QAtraceabilVS.pdf>. ■

"Drought," Continued from Page 1

Meanwhile, TAD encourages you to get involved in your community. The school year is starting, and activities abound.

Try to share a bowl of ice cream with someone, or a glass of chocolate milk with a student athlete (a recent study from the University of Texas shows it is a beneficial exercise recovery drink) and remind them of the natural goodness that milk provides. ■

"Laws," Continued from Page 1

The new law defines what types of items are subject to the new registration. For example, a registration card is not required for items such as cattle and feed; however, a card is required for essentially retail items purchased.

The Comptroller is working to create the application and will have it available on the agency's website and by mail as soon as possible. You can learn more – and sign up for email or text message updates to notify you when the application and other information about this new program is available – at http://www.window.state.tx.us/taxinfo/taxpubs/ag_timber_exemption.html.

New legislation, passed as part of the Sunset Review of the Texas Commission on Environmental Quality allows the TCEQ executive director of the agency to suspend or adjust water rights during times of drought or emergency shortage of water.

House Bill 2694 requires the TCEQ to enact rules to define "drought" and "emergency shortage of water," as well as establish procedures. To comply, TCEQ staff is proposing the creation of new 30 Texas Administrative Code Chapter 36, relating to Suspension or Adjustment of Water Rights During Water Shortage.

The TCEQ has solicited written comments prior to developing rule language. ■

Texas AgriLife Extension Service Save the Date – 2011

Aug. 31 – 2011 Multi-County Summary of Soil Fertility and Herbicide Applied Research Discussion, 8:30 a.m.-1:30 p.m., Golden Community Center, intersection of FM 1799 and FM 779, Golden, Texas. More information: (903) 763-2924 or (903) 473-4580.

Nov. 10-11 – Dairy Cattle Reproduction Council Meeting, Hilton Kansas City Airport. More information: <http://www.dcrcouncil.org/>.

Online – AgriLife Extension has developed three online training modules for English and Spanish speaking dairy employees, including the general worker, the milking center staff and the animal health team.

Educational modules at <http://texasdairymatters.org> (click on "NEW-Dairy Workforce Training") include: biosecurity for dairy farm workers; the basic clinical exam: key to early identification of sick animals; and defending the milk supply in the parlor. ■

Special Report: Texas' record drought

The current Texas drought – already the driest 10-month period in the state's history – already has cost the state a record \$5.2 billion in agricultural losses, making it the most costly drought on record, according to newly released numbers from Texas AgriLife Extension Service economists.

Further losses will continue if rainfall does not come soon to establish this year's winter wheat crop and wheat grazing, the economists said.

The drought has forced dairymen and cattle producers to cull herds at historic levels and spend money on expensive supplemental feed. TAD has heard of dairy producers bringing in hay from as far away as Canada.

The Texas Association of Dairymen (TAD) is talking with Texas Agriculture Commissioner Todd Staples about his request to BNSF Railway to transport hay to Texas at a reduced rate (See "Director's Update" on Page 1).

With the drought so much in the news, TAD brings you this roundup of drought-related news and resources.

Agricultural Drought Task Force Website

The state's Agricultural Drought Task Force has established a website, <http://agrilife.tamu.edu/drought/>, to serve as a clearinghouse of drought-related public information and education. The website was established by a number of state agencies, led by Texas AgriLife Communications, which were activated by the Governor's Division of Emergency Management.

The website includes timely and consistent drought-related news including: historic and forecasted National Weather Service rainfall information, water updates from state water authorities, and agricultural drought damage assessment updates as provided by the U.S. Department of Agriculture Farm Services Agency, state agricultural economists and other recognized experts.

The website is divided into two distinct areas. The "Resources on Drought" section provides static and changing information on drought ranging from stream-flow data and weather information to links provided by the participating agencies. The "News Updates/Situational Reports" section features the latest items provided by the participating agencies.

Hunting for Hay

The Texas Department of Agriculture Hay and Grazing Hotline is a service to the agricultural industry to help locate forage and hay supplies. TDA does not warrant or guarantee the quality or availability of hay or pastures for leases that are offered by individual suppliers. The listings include individuals and businesses who have contacted TDA indicating that they have hay for sale or pasture for lease.

To access the Hay Hotline, call (877) 429-1998, or look under "Most Popular Links" at www.TexasAgriculture.gov.

Hay Transportation Waiver

Gov. Rick Perry has extended the state's hay transportation waiver to Sept. 1 with the possibility of further extensions every 30 days as long as the drought continues. The waiver relaxes certain restrictions and permitting requirements in order to expedite the transport of hay.

This Texas Department of Transportation (TxDOT) waiver temporarily suspends height, width and length restrictions on round hay bales and associated permit fees for hay carriers.

Public safety remains a priority and therefore dictates that all other legal requirements, including licensing, registration, insurance and safety precautions continue to be in place and

monitored closely for compliance. The waiver also considers alternate routing wherever possible.

Louisiana, Oklahoma and Kansas have agreed to increase allowable height and width dimensions, and waive permitting fees on oversized loads of hay en route to Texas farmers and ranchers.

Agriculture Commissioner Todd Staples is also seeking partnerships and opportunities with other states to provide relief to Texas farmers and ranchers.

To learn more about this temporary hay-transport waiver and explore expedited routing, call TxDOT's Motor Carrier Division at (512) 465-3592.

Financial assistance

The U.S. Department of Agriculture (USDA) has a variety of resources for those affected by the drought and other extreme weather. Producers in need or those with questions should contact their local county or state USDA Service Center or Farm Service Agency (FSA) office for assistance.

Producers affected by drought and fires could qualify for aid to cover losses livestock, crops, orchard trees and private forests.

Types of USDA assistance may include the Supplemental Revenue Assistance Program (SURE), federal crop insurance, and the Noninsured Crop Disaster Assistance Program.

Additional assistance could come from the Livestock Forage Program which has already provided more than \$50 million in Texas to help ranchers purchase feed for their livestock.

Fact sheets for all FSA programs can be found at www.fsa.usda.gov; click on "Newsroom," then "Fact Sheets."

To learn more about USDA's disaster assistance, visit http://www.usda.gov/Emergency_Preparedness_and_Response.html.

Protecting Livestock

Texas dairy producers are well-versed at how to care for their animals during excessive heat.

But the the Center for Food Security and Public Health has published a fact sheet with tips for caring for animals before and after they are overcome by heat. The fact sheet, "Excessive Heat and Your Livestock," can be found at <http://www.prep4agthreats.org/Assets/Factsheets/Excessive-Heat-and-Your-Livestock.pdf>.

(Continued, "Special Report," Page 4)



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“Special Report,” Continued from Page 3

Modified Grazing Rules

The FSA is modifying its Conservation Reserve Program (CRP) policies to help those affected by sustained drought conditions.

FSA is permitting farmers and ranchers in Texas and other drought stricken states approved for emergency grazing to extend the emergency grazing period (normally through Sept. 30) to Oct. 31 without an additional payment reduction.

To participate in emergency grazing, producers must first request permission from the FSA county office by indicating the acreage to be grazed.

As a second condition designed to help livestock producers, FSA will allow producers nationwide to utilize harvested hay from expiring CRP acres when those acres are being prepared for fall seeded crops. Prior to this modification, all mechanically harvested hay was required to be destroyed. This change enables livestock producers to feed mechanically harvested hay to their own livestock or to sell or donate it. Rental payments will be reduced by 25 percent for those utilizing this option.

For more information about the Conservation Reserve Program and Emergency Haying and Grazing, visit your local USDA Service Centers or go online to www.fsa.usda.gov and search under “Conservation Programs and Disaster Assistance.” ▪

TAD monitoring new Farm Bill

By J Pete Laney, TAD lobbyist

The new Farm Bill being debated by Congress is even more important as Texas faces one of the worst droughts ever, the loss of millions of acres of cropland and rising costs.

In July, the Texas Association of Dairymen attended the Southwest Council of Agribusiness’s annual meeting in Lubbock. The meeting was attended by farmers, ranchers and bankers from throughout Texas and Eastern New Mexico.

A panel of producers, bankers, congressional staff and economists from Texas A&M and Kansas State University discussed various issues relating to the upcoming Farm Bill. The economists provided insight on what works – and what doesn’t – in the current Farm Bill, as well as what the upcoming Farm Bill may look like. Farm loans, insurance and direct payments were the most talked about issues during the round table discussions.

While no one knows exactly what the Farm Bill will look like, we know it will have a huge impact on the dairy industry and agriculture. With state and federal governments facing large deficits, it is important that elected officials understand the importance of agriculture to the country's viability.

It is important that all producers stay tuned to the debate, get involved and make sure the voices of the millions of people tied to agriculture are heard as Congress drafts the upcoming Farm Bill. ▪