

Montana Revenue and Transportation Interim Committee

by

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Why Concerned About Agriculture

- Largest Sector of the Economy
- Economic Driver
- Income Tax Directly Paid by Agriculture is Low
- Property Taxes: 5-6% of Total Property Taxes

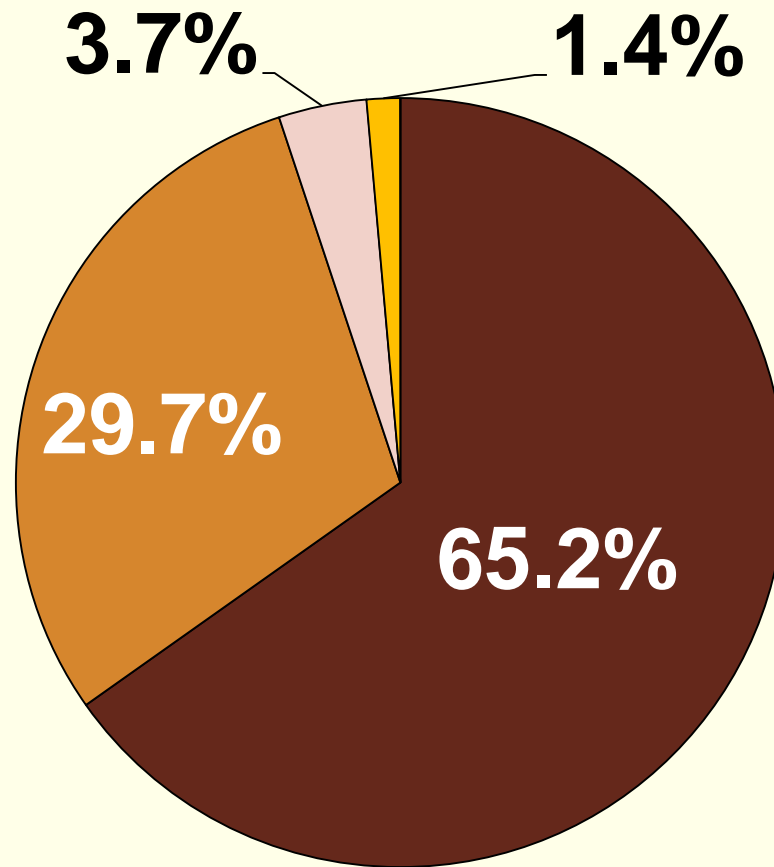


Montana Land Use

	Acres (Millions)
Total	93
Federal	29
Developed	1
Private Farms & Ranches (Including State Land)	61
Other	2



Land Composition of Farms & Ranches



■ Pasture & Range

■ Cropland

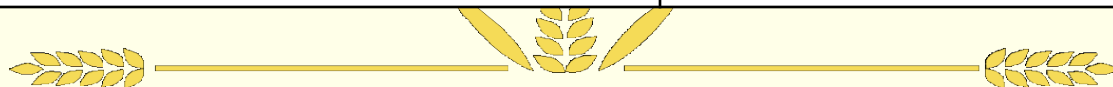
■ Woodland

■ Other



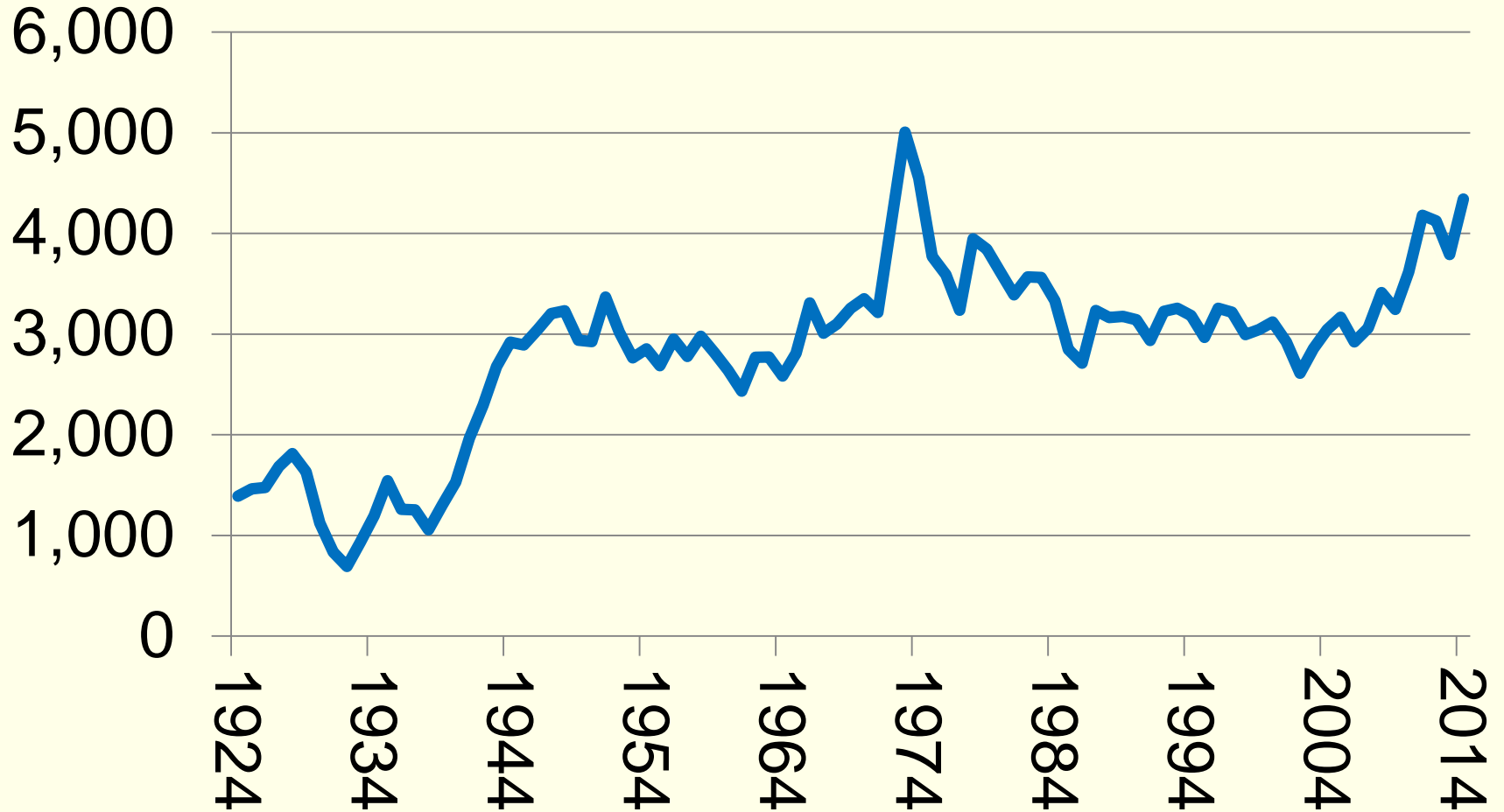
Agriculture in the Montana Economy

Measure	% Agriculture
Total Employment	2
Total Income	2
Gross State Product	6
Basic Industry	
-Broad Definition (MBBER)	15
-Narrow Definition (NASS)	39



Total Agricultural Revenue 1924 - 2014

Thousands
2014 \$

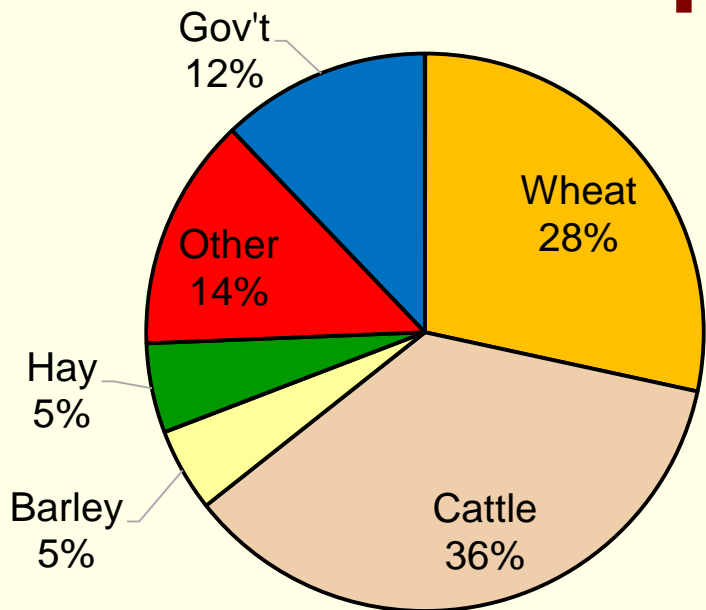


2014 Projected

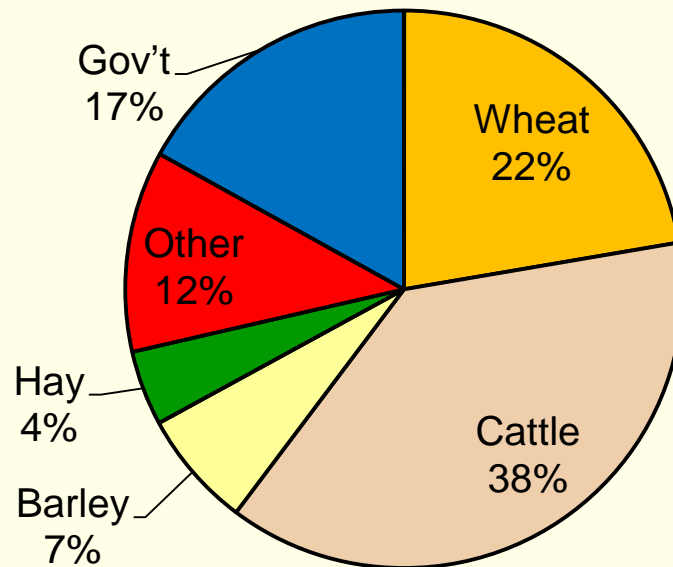


Revenue

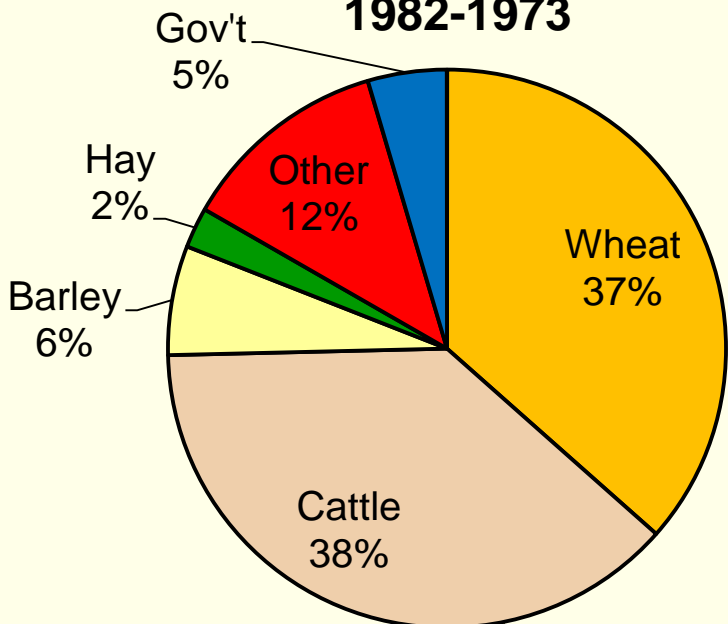
2012-1993



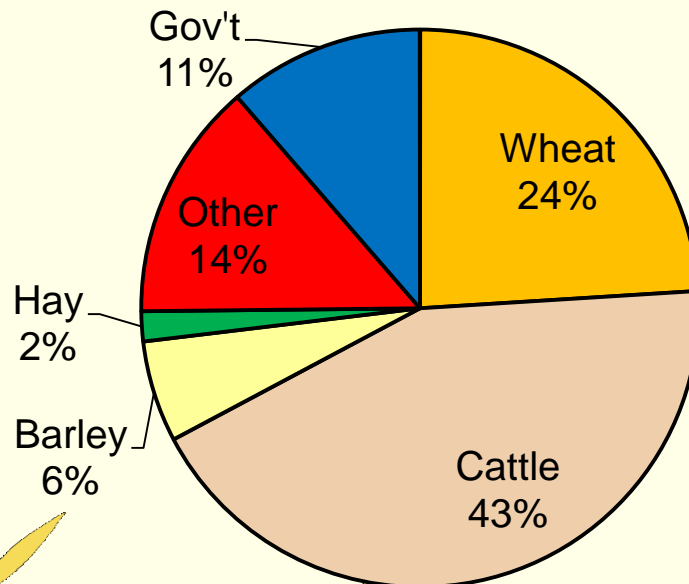
1992-1983



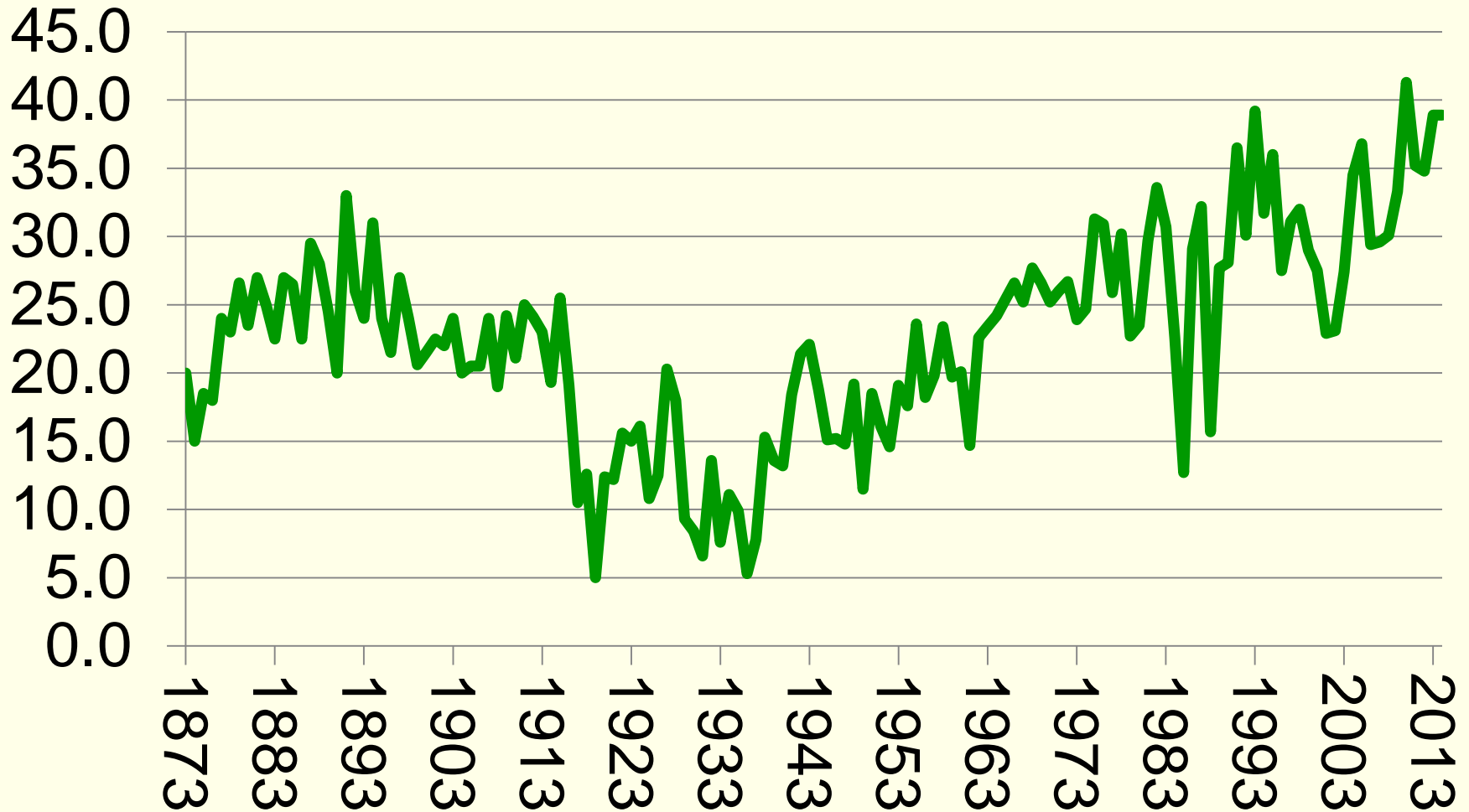
1982-1973



1972-1963



Montana Wheat Yields/Acre 1873 - 2014



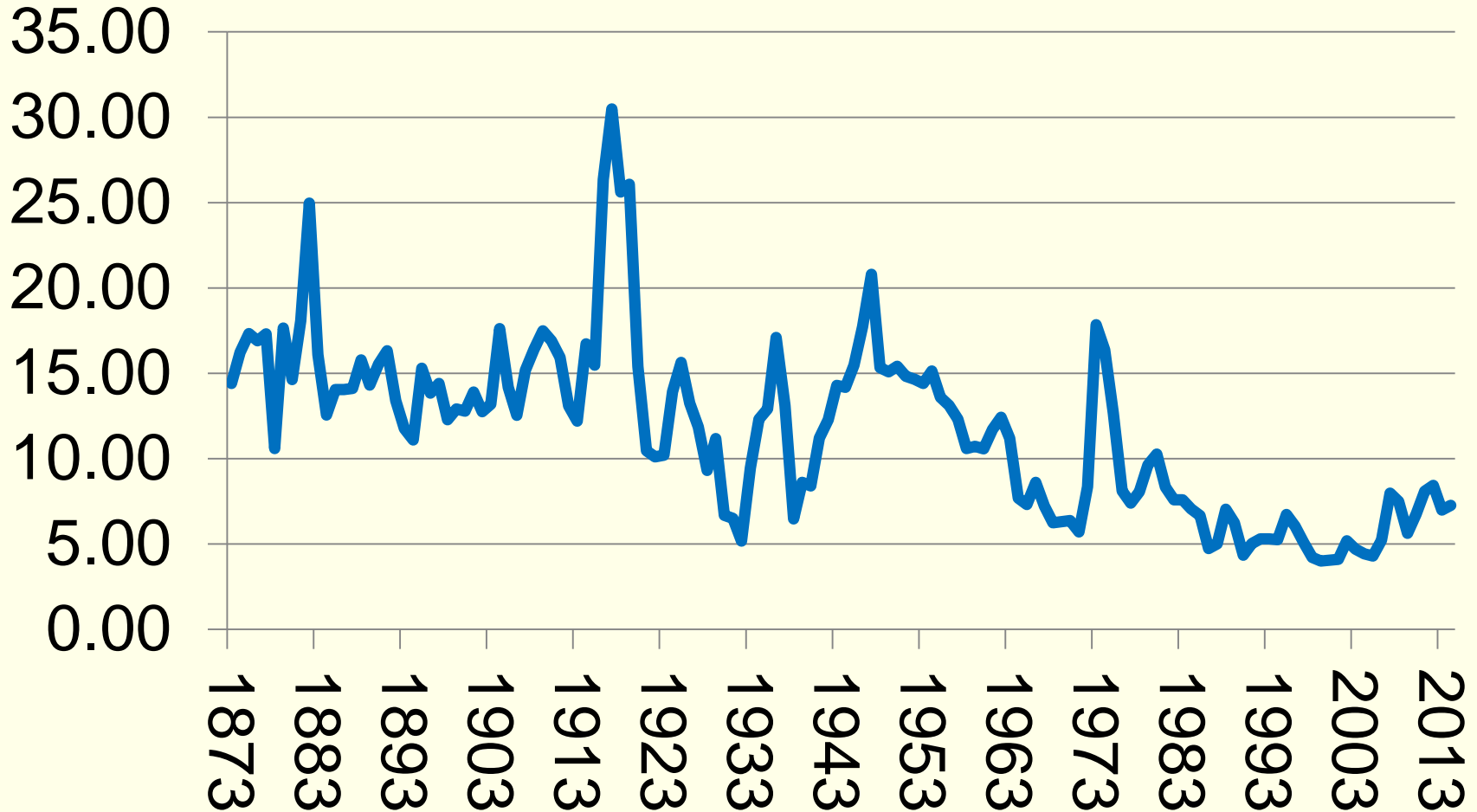
2014 Projected



Montana Wheat Price

1873 - 2014

Price/Bu.
2014 \$

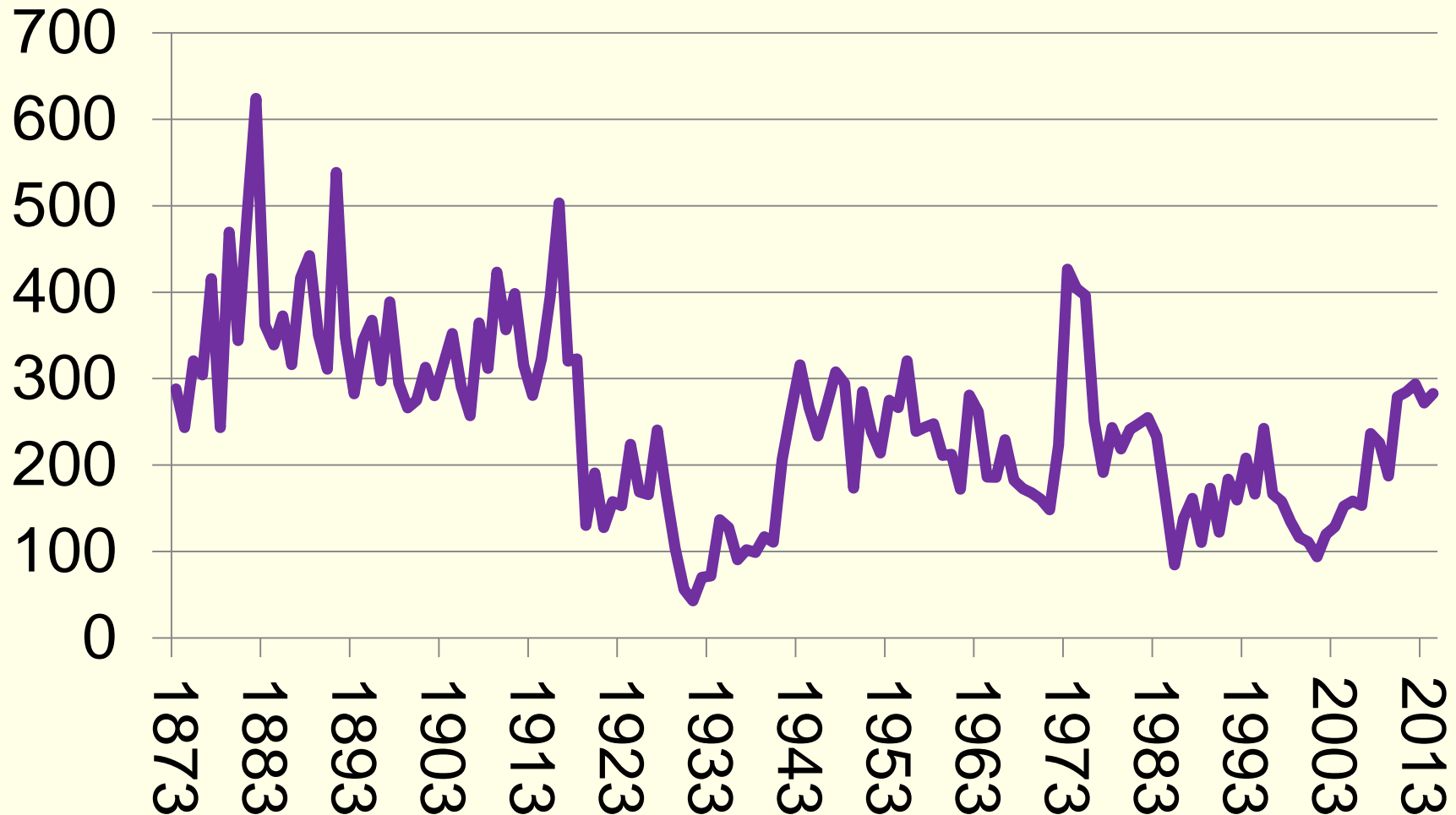


2014 Projected



Market Wheat Revenue/Acre 1873 - 2014

2014 \$

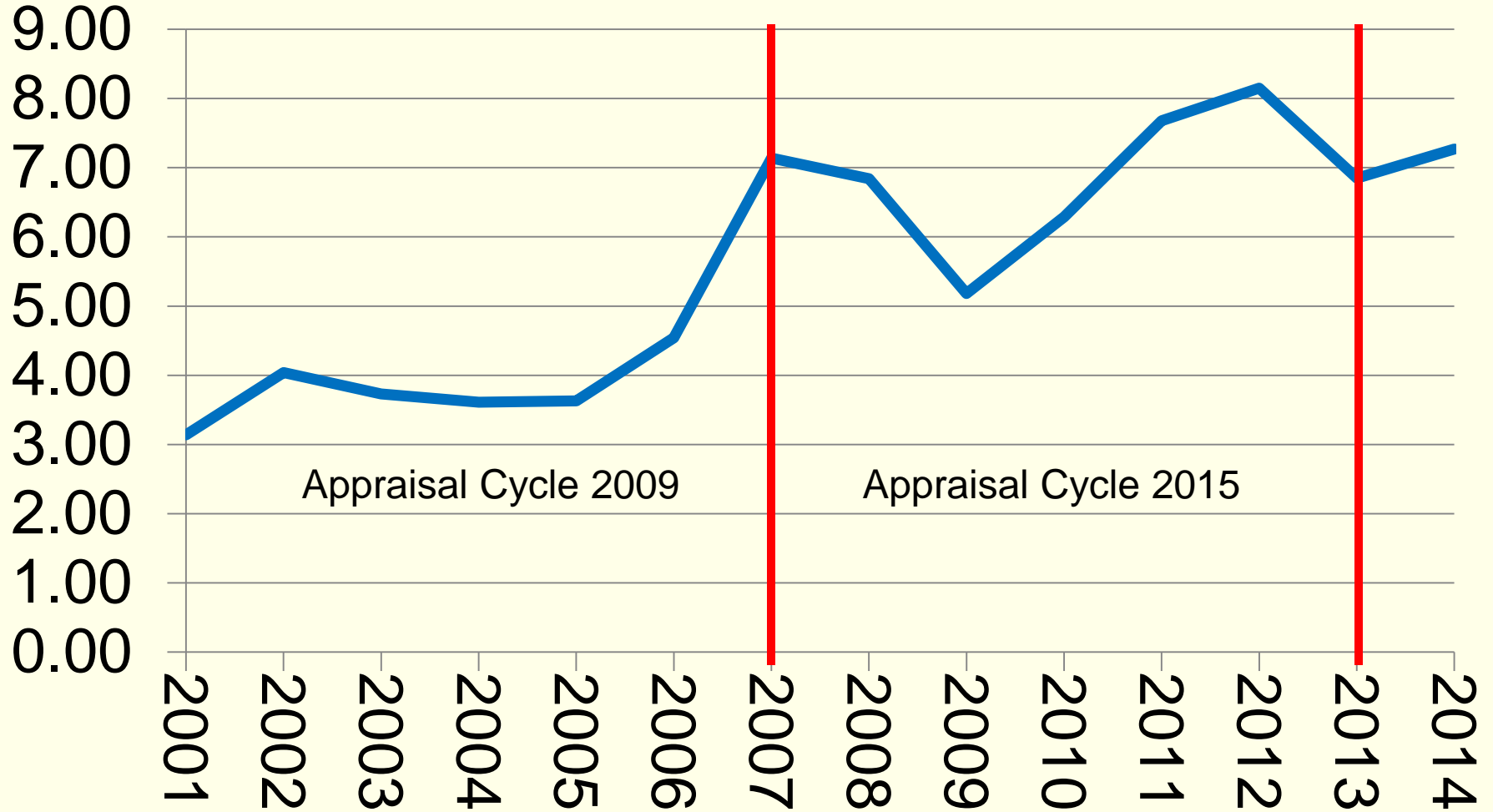


2014 Projected



Nominal Wheat Prices 2001 - 2014

Price/Bu.



Appraisal Cycle 2009

Appraisal Cycle 2015

2014 Projected



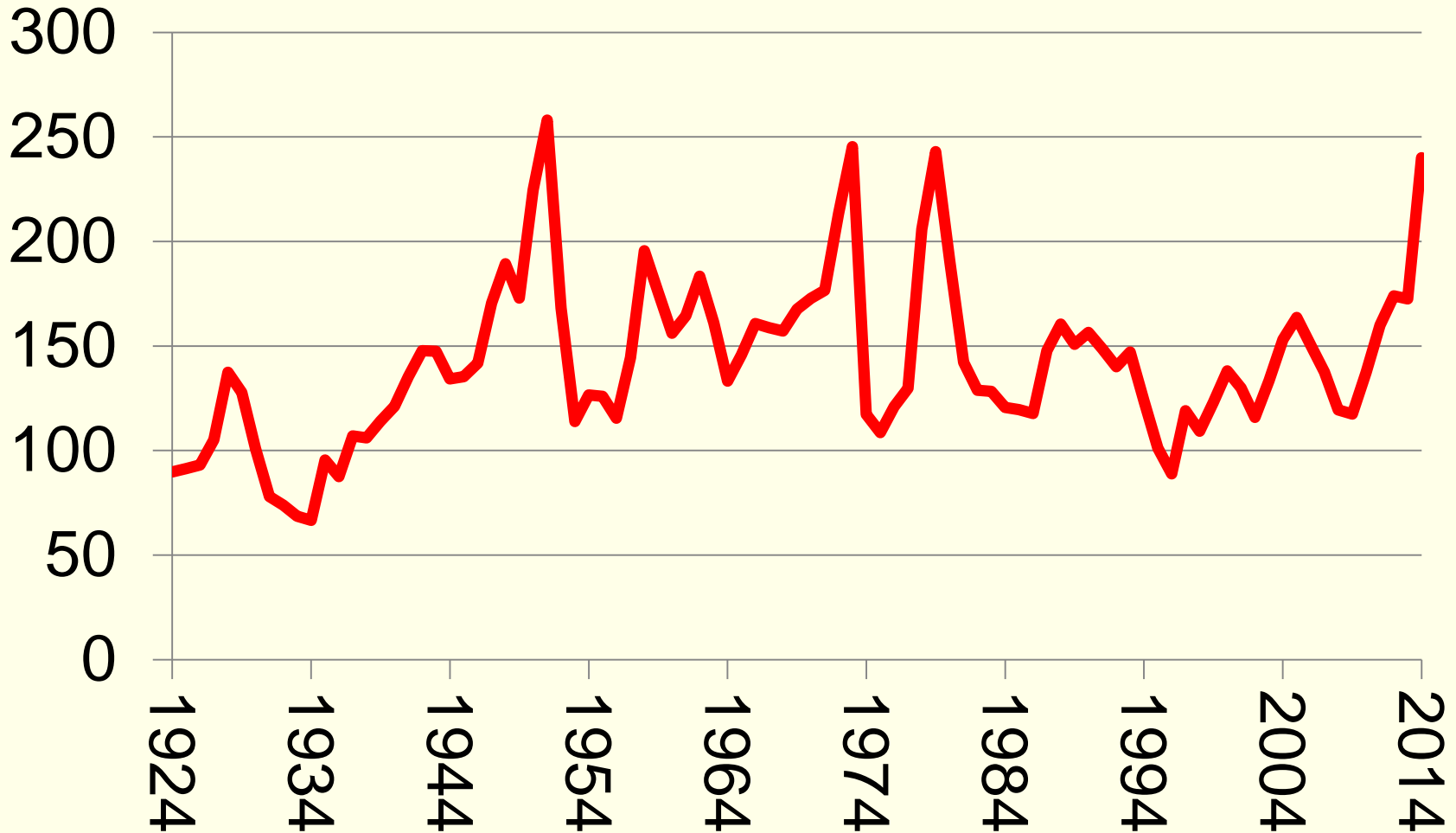
Nominal Wheat Prices 2001 - 2013 \$/Bu

Appraisal Cycle	Year	Olympic Average
2015	2007-2013	6.96
2009	2001-2007	3.91



Montana Calf 2014 \$

Price/ Cwt

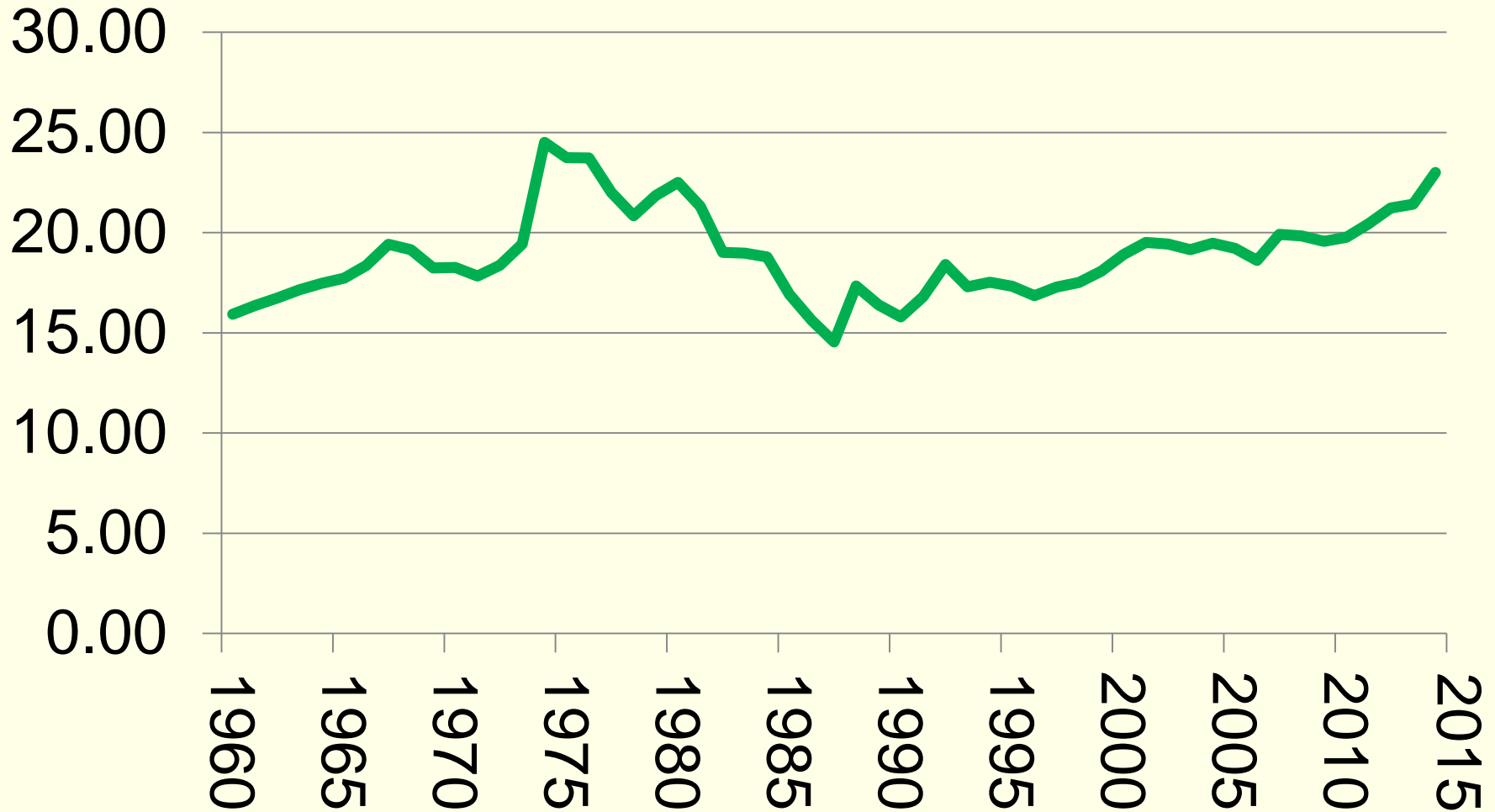


2014 Projected



Grazing Fees 2014 \$

Price/AUM

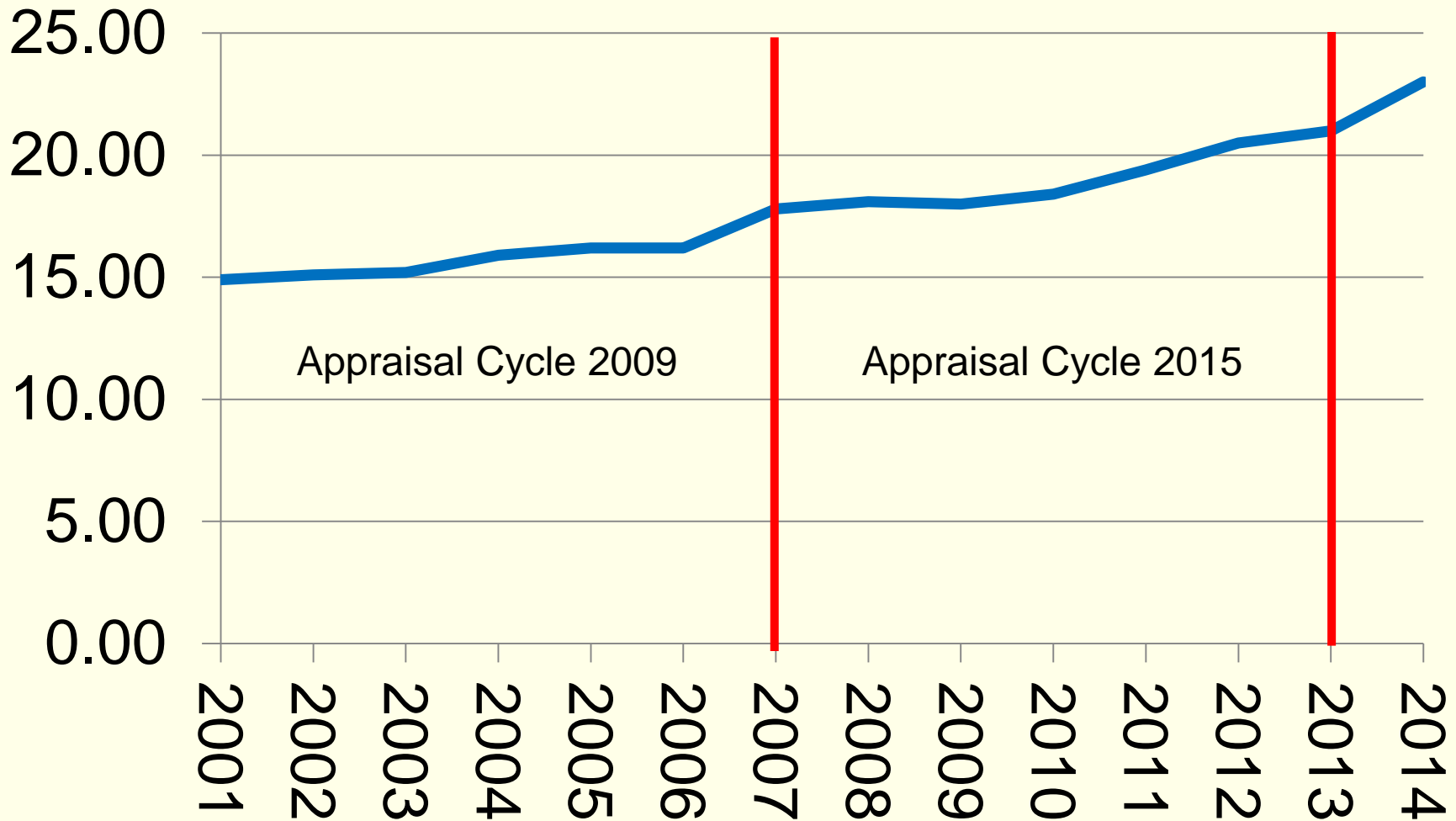


2013-2014 Projected



Nominal Grazing Fees 2001 - 2014

AUM Basis

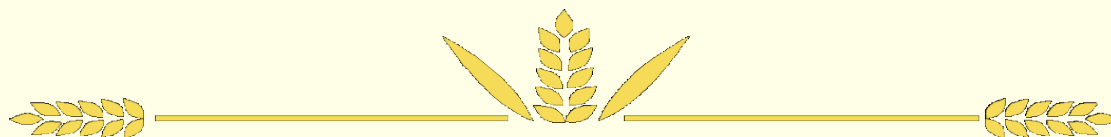


2013-2014 Projected



Nominal Grazing Fees \$/AUM

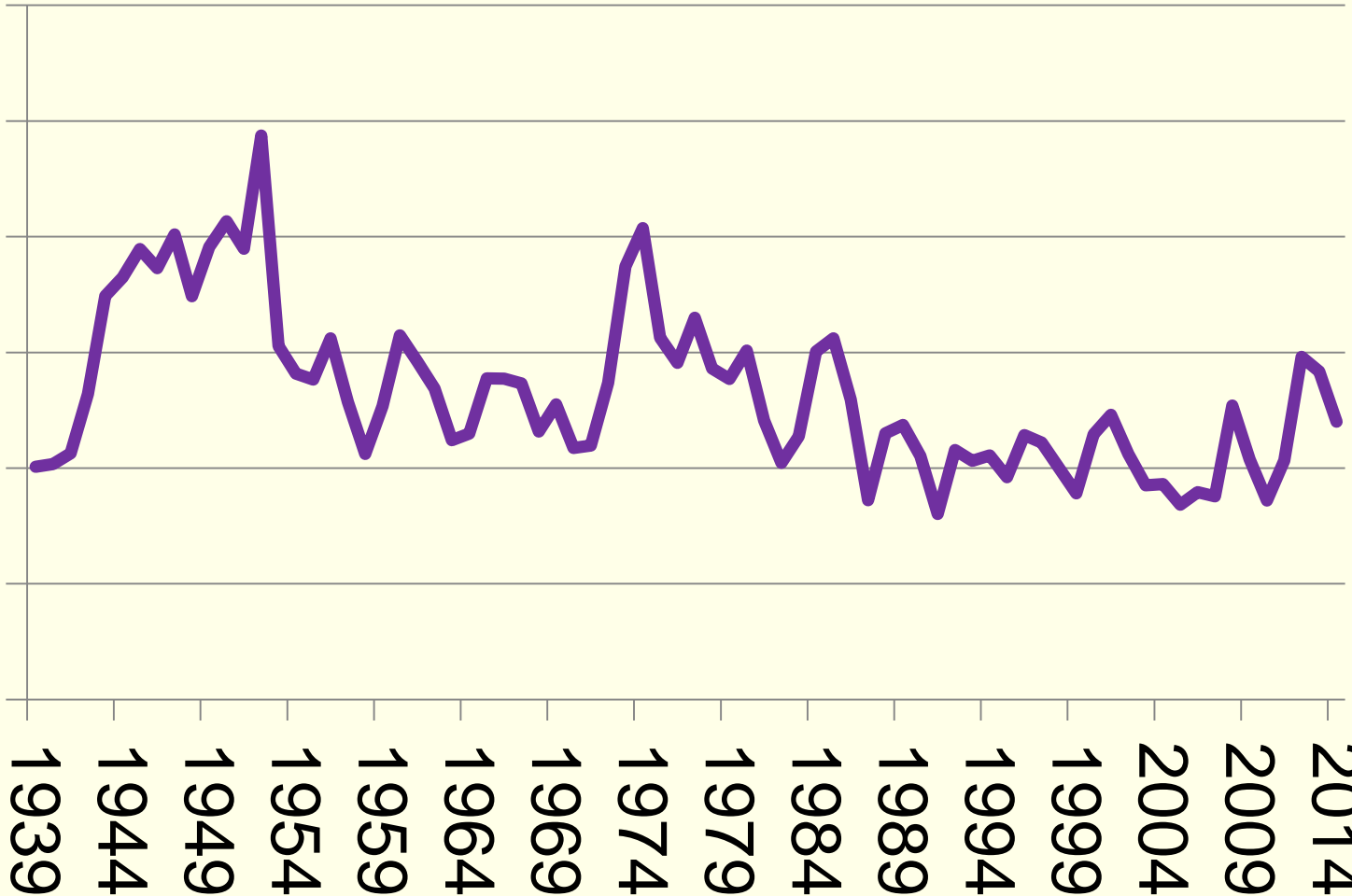
Appraisal Cycle	Year	Olympic Average
2015	2007-2013	18.88
2009	2001-2007	15.72



Hay Prices 2014 \$

Price/ Ton

300.00
250.00
200.00
150.00
100.00
50.00
0.00

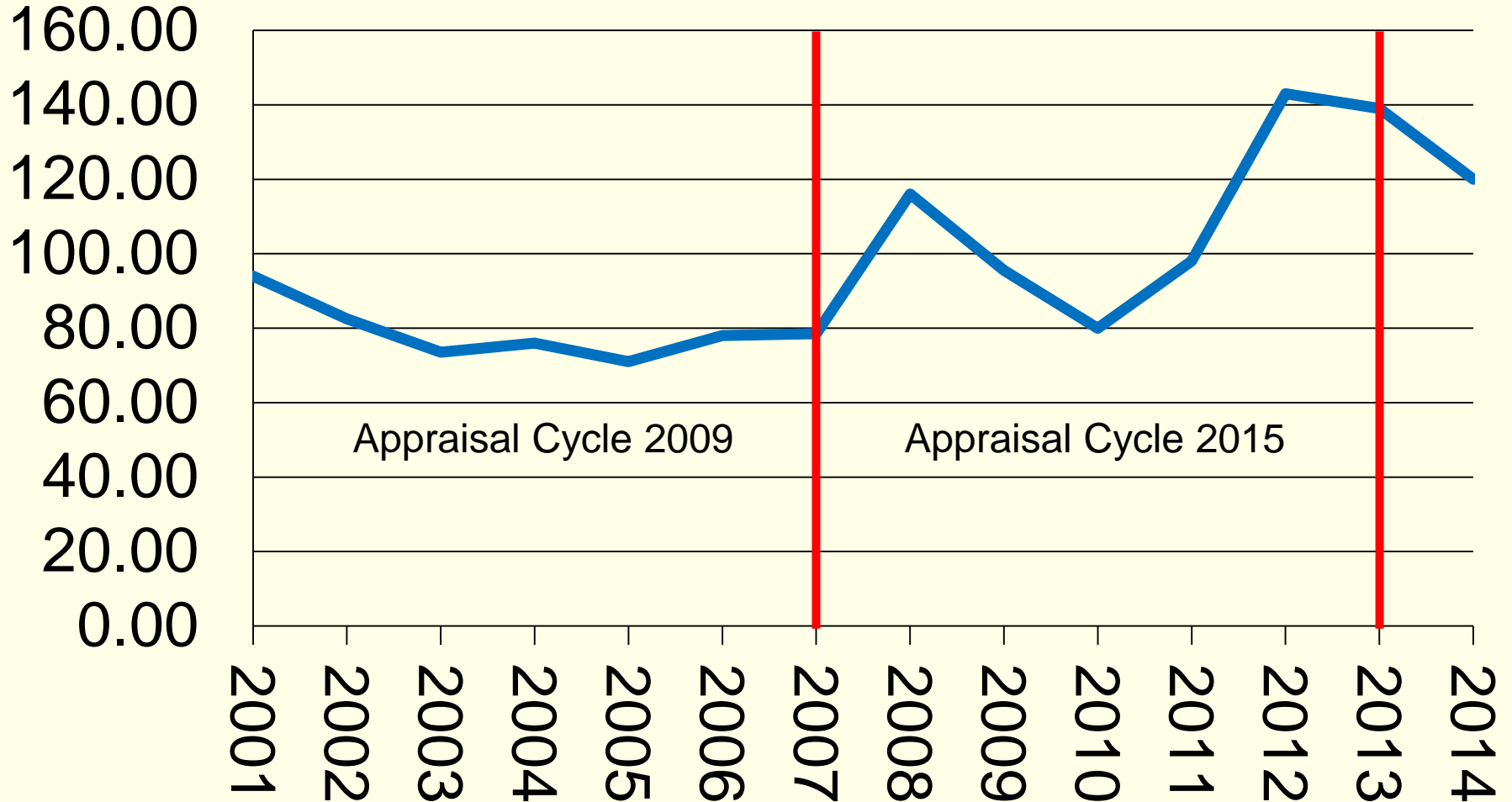


2014 Projected



Nominal Hay Prices 2001 - 2014

Price/ Ton

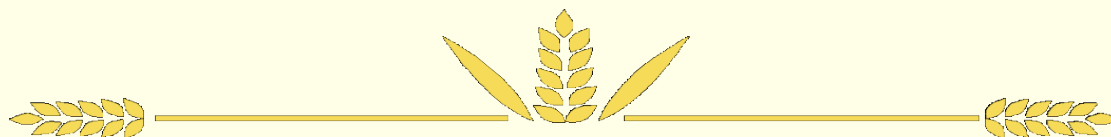


2014 Projected



Nominal Hay Price Price/Ton

Appraisal Cycle	Year	Olympic Average
2015	2007-2013	105.52
2009	2001-2007	77.70



Forecast

	2012	2013	2014
Wheat Acres Harvested (Thousands)	5,615	5,220	5,220
Wheat Price (\$ Bu)	8.15	6.85	7.27
Wheat Yield	34.8	38.9	38.9
Wheat Receipts (\$ Millions)	1,593	1,391	1,476
Calf Price (\$ cwt)	168	169	240
Cattle Receipts (\$ Millions)	1,282	1,290	1,832
Total Revenue (\$ Millions)	3,984	3,715	4,342



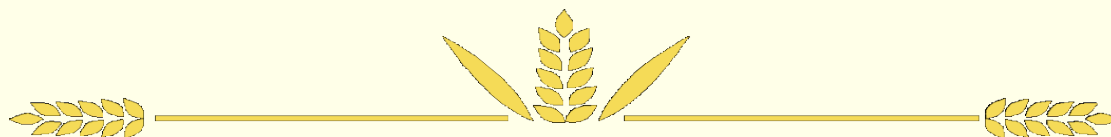
Other Crops 2013 to 2014 Change

	Acres	Yields	Price
Hay	0%	5% ↑	13% ↓
Sugar Beets	7% ↑	10% ↑	50% ↓
Potatoes	1% ↑	0%	0%



Agriculture Land: Class 3

Land Subclass	Commodity Price			% Acres	% Appraised Value
	Price	2009 Cycle	2015 Cycle		
Grazing	Grazing Fee	15.72	18.88	68.1	31.7
Tillable Non Irrigated	Wheat	3.91	6.96	24.4	47.0
Wild Hay	Hay	77.70	105.52	2.2	6.3
Tillable Irrigated	Hay	77.70	105.52	3.3	13.9
Miscellaneous	-	-	-	2.1	1.0



International Competitiveness

Finance Example

	U.S.	Developing Countries
Risk Free Interest Rate Includes Inflation (LIBOR or U.S. T-Bills Based)	3.5	3.5
Bank Margin	1.5	2.0
Inflation or Currency Risk-Excess	0	1.5
Default Risk	1.0	8.0
Political & Judicial	0	5.0
Commercial Farmer Interest Rate	6.0	20.0
Small Farmer Adjustment	N/A	3.0
Small Farmer Interest Rate	6.0	23.0



QUESTIONS

