



Below is an update on tax law changes and disaster and crop insurance programs that could affect your "bottom line" this year. Most of these changes are a direct result of actions taken by Congress.

Maximizing Your Crop Insurance Coverage – March 15th is the deadline to Make Changes

Planting, growing, and harvesting crops this year will be more costly than for any other year. Land, fuel, fertilizer, seed, and chemical costs have skyrocketed – along with machinery costs and nearly all other expenses. Additionally, most world-wide commodity stocks remain at very low levels; which means that adverse weather during this year's crop-growing season could result in significantly higher commodity prices at harvest.

Several types of crop insurance coverage are available for South Dakota crops. Due to recent high commodity prices, producers need to be aware that additional coverage can be purchased or added to existing policies. For example, the Harvest Price Option (HPO) is available as an add-on to a Revenue Assurance (RA) policy, and is the only policy which offers uncapped price protection for producers who suffer an eligible covered crop loss, and commodity prices dramatically increase.

Please consider this as a friendly reminder to carefully review your current crop insurance coverage and discuss the levels of protection with your agent ***before the March 15th deadline*** for spring planted crops to be certain the 2008 crop insurance policy in which you've enrolled adequately meets your needs.

Ad Hoc Crop and Livestock Disaster Programs – Be Sure You Sign Up for 2005, 2006, or 2007 Losses

I fought very hard for the disaster program that the Farm Service Agency (FSA) is currently administering in South Dakota. So far, more than \$165 million has been paid to South Dakota farmers and ranchers who lost crops and livestock in 2005, 2006, or 2007. Although FSA has not announced a final signup date for crop and livestock disaster programs, once again, I remind you to check out the details of the these programs at your local FSA office, before most of your time is devoted to spring fieldwork and calving.

Tax Incentives Included in the Recently Passed Stimulus Package – Discuss With Your Tax Preparer

Nearly everyone is aware of the non-taxable federal rebate checks that will soon be made available, thanks to the recently-passed "Economic Stimulus Package" which I voted for. I encourage you to discuss with your tax preparer other lesser-known provisions of this legislation which could help reduce your 2008 income taxes. The changes I encourage you to look into include the ***increased elective expensing limits under Section 179 of the IRS Tax Code***, and the ***"bonus depreciation" provisions***. Rather than provide you with the complex details surrounding these tax incentives, you need to discuss them with your tax preparer to ensure you plan your 2008 income tax strategy to maximize the possible benefits of these incentives.