

The Milk Check

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County Agent



The Class I price was still up at \$14.43 because it takes two months for the M-W to catch up to the Class I price. So, whether or not the M-W drops further this Spring you'll still be getting lower prices in your milk check because of the lower Class prices and lower Class I utilization as more milk comes to market in the Spring months starting in March.

Speaking of Class I utilization, it dropped 2.5 percent in February below January in Order 2 and contributed to your lower blend price. On a daily basis Class I sales fell six percent in February below January and five percent below last February. This was surprising because all during 1986 and up to January of this year you were selling more fluid milk than the year before. Now suddenly it falls 5 percent.

The big change from a year ago is the reported lower retail prices in New York City that have been linked to the market penetration by out-of-state handlers. Of course, there's more to Order 2 sales than those in New York City, but it was hoped that the change would have increased consumption or at least maintained it. On the theory that there's a reason for everything, hopefully there will be answers for this.

IRS Helps DTP

Once again the Internal Revenue Service is giving some relief to farmers in the Dairy Termination Program.

The IRS has decided to provide another tax saving by allowing the difference between the sale price of the cows sold for beef and the

average price of milk cows to be treated as capital gains.

The average price for milk cows will come from the monthly USDA publication "Agricultural Prices" which includes them by states in their reports for January, April, July and October. The price quoted for Pennsylvania in April 1986 was \$865 a head; in July it was \$840; in October \$850 and in January 1987, \$880. If you sold cows in other months use the price announced in the most recent quotation before the sale. The difference between the beef price and the dairy cow price is reported on IRS Form 4797 and taxed at the 40 percent capital gains rate. This applies only to cows held for two years or more.

The savings in taxes could be significant depending on your sale price so you may wish to file an amended return for 1986 and save some tax money but it will also decrease your Social Security. If your tax advisor needs more information on this tell him to get the regulations from the IRS Bulletin 1987-10 released March 9.

PSU Survey

Blair Smith and Jack Kirkland of Penn State University are conducting a survey of the 418 farmers in the state who are participating in the Dairy Termination Program to learn their reasons for getting in the program and their future plans for the use of their facilities. It's a mailed questionnaire that will be received during March and April so do your best to provide the information requested and we'll share the results with you.

RCMA Organizes

Members of the Regional Cooperative Marketing Agency who are not members of another milk marketing cooperative are organizing by regions to elect directors and delegates. Meetings have been scheduled in New York and New England from March 18 to April 2 to take this first step for independent producers to participate in running RCMA.

Each of the 11 regions in that area have been designated geographically to represent a uniform volume of milk and to allow the election of a director for the region and one delegate for every 300 independent producers. Delegates and directors from the co-ops will be represented in the same proportion. Here in Pennsylvania five regions have been designated and April 6 is the meeting date for Region 12 which includes 10 northeastern counties and northern New Jersey.

The meeting will be held at 1 p.m. in the Department of Agriculture building in Tunkhannock. Meeting dates for the other Pennsylvania regions are April 7 for the nine north central counties in Region 13; April 8 for Region 17 that includes Lancaster and York counties and Maryland; April 9 for Region 14 in the southcentral counties; Region 15 meets on April 13 for the central Pennsylvania counties around Sunbury and April 14 for Region 16 including the southeastern counties and parts of Delaware and southern New Jersey.

All producers who have signed contracts with RCMA are invited to attend the meetings and participate in the election of delegates and a member of the board of directors who will be responsible for running the cooperative. That includes determining the over order premiums and distributing them to the members. If you want to participate in organizing this new cooperative for over-order pricing sign a contract before the meeting date and attend the meeting in your region.

RCMA Meeting

Set For Lancaster

LANCASTER — Dairymen in the Northeast are attempting to form a bargaining agency known as the Regional Cooperative Marketing Agency for the purpose of negotiating higher prices for the milk they produce.

An information meeting, scheduled for 7:30 p.m. Monday March 23 at the Lancaster Farm and Home Center, will discuss over-order pricing and the ramifications of supporting the RCMA effort.

Representatives from RCMA and local milk handlers will be present, with an opportunity for questions and answers. The meeting will be conducted by the Lancaster County Cooperative Extension Service.

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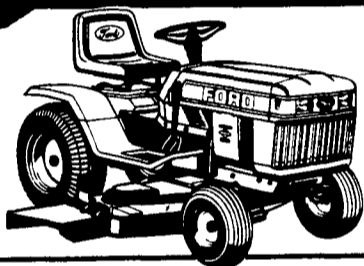
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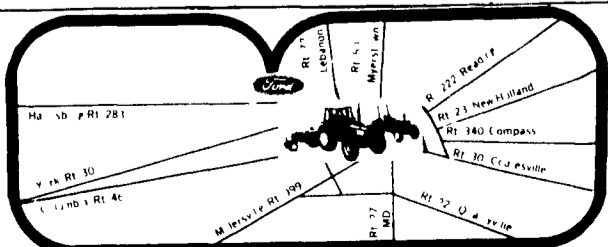
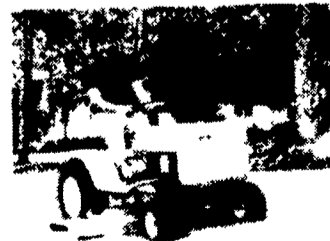
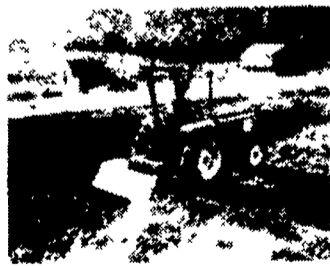
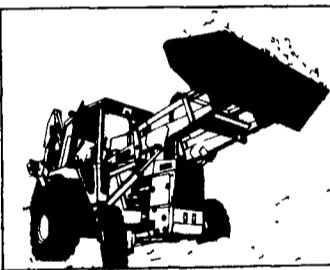
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