

Northern Michigan FruitNet 2013

Northwest Michigan Horticultural Research Center

Weekly Update

October 8, 2013

CALENDAR OF EVENTS

2013

- 10/12** **Final Household Hazardous Waste Collection for Leelanau Co.**
Peshawbestown, MI
- 10/16** **Affordable Care Act & Fruit Crop Insurance Workshop**
NWMHRC
- 11/12** **Making It In Michigan Conference**
Lansing Center, Lansing, MI
- 12/10-13** **Great Lakes Expo**
Amway Grand Plaza, Grand Rapids, MI

2014

- 1/14-15** **NW Michigan Orchard & Vineyard Show**
Grand Traverse Resort
- 2/18-19** **IPM Academy**

GROWING DEGREE DAY ACCUMULATIONS AS OF October 7 AT THE NWMHRC

| Year | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 23yr. Avg. |
|--------------|------|------|------|------|------|------|------------|
| GDD42 | 3704 | 4237 | 3721 | 4131 | 3341 | 3626 | 3718.0 |
| GDD50 | 2434 | 2827 | 2440 | 2688 | 2036 | 2323 | 2399.3 |

REMINDER – AFFORDABLE CARE ACT & FRUIT CROP INSURANCE WORKSHOPS COMING SOON!

Date: October 16, 2013 - October 29, 2013

Time: 6:00 p.m. - 9:00 p.m.

Location: West Michigan - location varies by date

Contact: For program information contact Mark Longstroth: 269-675-8213 ext 3. For registration/location questions call 616-994-4540.

Meeting Locations:

October 16, 2013 - Northwest Horticultural Research Station, 6686 Center Highway, Traverse City, MI 49684. Hosted by: Nikki Rothwell

October 24, 2013 - Ottawa County Fillmore Complex, (Main Conference Room) 12220 Fillmore Street, West Olive, MI 49460. Hosted by: Dr. Carlos Garcia

October 29, 2013 - SW Michigan Research & Extension Center, 1791 Hillandale Rd., Benton Harbor, MI 49022. Hosted by: Mark Longstroth.

Agenda:

6:00 p.m. - 6:05 p.m. Introduction

6:05 p.m. - 7:45 p.m. Affordable Care Act

Dr. Adam J. Kantrovich, MSU Extension Farm Management Educator, will discuss the Affordable Care Act and how it affects farms, small businesses and individuals. The Affordable Care Act is far-reaching legislation that covers every business, industry and individual. There are no “loop-holes” that provide any type of exemption. There are many layers to the Affordable Care Act, this will be a broad overview of the basics within the 90 minutes that are available.

Topics include: General Rules, Employer Shared Responsibility (ESR) Mandate, Rules for counting employees under (ERS), Employer Alternatives, Small Business Health Care Tax Credit, the Health Insurance Market Place (Exchange) and Shop for Employers and Individuals, the Individual Shared Responsibility Mandate, and Employer Requirements for 2013 to 2015.

8:00 p.m. - 9:00 p.m. Crop Insurance for Cherries or Blueberries

Chris Shellenbarger, of Spartan Insurance or Dr. Roy Black, MSUE specialist will discuss crop insurance for fruit growers specifically the new Tart Cherry Crop Insurance program at the Benton Harbor and Traverse City workshops. Chris will focus on blueberry crop insurance with the option of the AGR policy at the Ottawa County workshop.

To register by mail, send in registration and payment to: MSU ANR Events Services, Justin S. Morrill Hall of Agriculture, 446 W. Circle Drive., Room 11, East Lansing, MI 48824. Check made payable to: Michigan State University. Please indicate which location and session you will be

attending.

Registration Fee:

\$10.00 per person

Seating is limited. Please R.S.V.P. early.

[Click here to register for this event.](#)

SWD REPORTING EVALUTION REQUESTED

"During 2013, MSU Fruit Extension Team coordinated a weekly SWD Monitoring report during June, July, and August. An example can be seen online at: http://www.ipm.msu.edu/invasive_species/spotted_wing_drosophila

To capture the effectiveness of this statewide effort, we are asking all Michigan fruit producers to take a minute and fill out an evaluation of this program at:

<https://www.surveymonkey.com/s/HBLF5TQ>

We value your feedback and want to ensure that MSU is doing all that it can help producers better manage this invasive pest in all Michigan fruit crops. Your input will help us prepare for a plan for SWD control in 2014. The weekly SWD scouting report has been funded through [Project GREEN](#) and [Michigan State University Extension](#). This output is generated through a scouting and reporting network of MSU Extension field staff and campus specialists. We would like to acknowledge the following team members and thank them for their weekly scouting efforts and input into this report: Rufus Isaacs, Keith Mason, Steve VanTimmeren, Larry Gut, Peter McGhee, Michael Haas, Bob Tritten, Mark Longstroth, Diane Brown, Carlos Garcia, Karen Powers and Nikki Rothwell."

POSTHARVEST HOPYARD MANAGEMENT

As growers wrap up hop harvest this season they can follow these postharvest tips to prepare for next year.

Posted on **September 24, 2013, MSUE News**, by **Erin Lizotte**, Michigan State University Extension

As the 2013 hop season in Michigan winds down, many growers are reporting a good harvest. As we look ahead to next year, growers begin to explore how they can improve upon this season's harvest. For the most part, the work of the season is complete but growers can still consider pest management practices that may impact next year, postharvest irrigation, compost application and record keeping.

Tackling downy mildew

Some growers struggled with **downy mildew** for the first time this season and are wondering what can be done postharvest to combat this important and damaging disease. To properly answer this question we need to fully understand the disease cycle of *Pseudoperonospora humuli*, the causal agent of downy mildew of hops (Figure 1) and how growing conditions in Michigan can affect the efficacy of late season treatment. Mycelium, the vegetative part of the downy mildew fungi, overwinters in buds and crowns or debris left on the field. As shoots emerge in the spring they are already infected with this overwintering mycelium. As the hop bine begins to grow, the mycelium produces a microscopic spore-bearing structure (sporangiophore) on the underside of leaves giving the underside a gray, fuzzy appearance. These structures give rise to an asexual type of spore called zoospores.

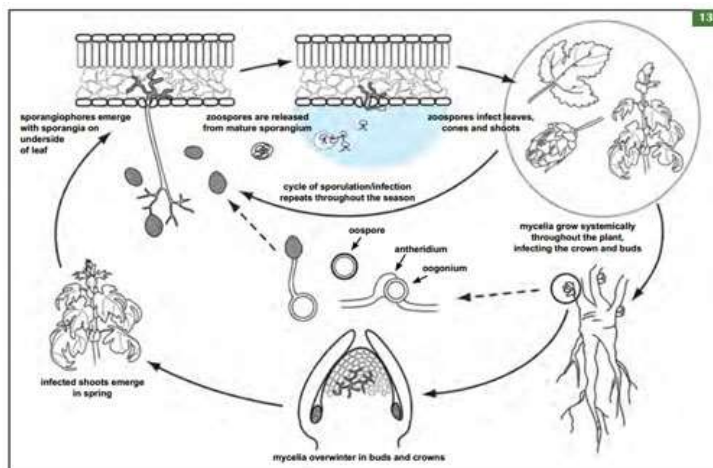


Figure 1. The disease cycle of *Pseudoperonospora humuli*, the causal agent of downy mildew in hop. (Cred. V. Brewster, Compendium of Hop Diseases and Pests)
[Click on the image to view larger.](#)

Zoospores move via wind and rain and act as the major cause of disease spread during the season, infecting new leaves, shoots and eventually even cones. The reproductive cycle that produces zoospores may repeat multiple times over the season, depending on temperature and moisture availability. Alternately, mycelium may also yield a resting spore (oospore) that it produces through sexual recombination. Oospores are typically more resistant to environmental changes and are often referred to as resting spores. It is unclear at this time if Michigan's climate provides environmental conditions conducive to oospore production.

When considering a postharvest treatment, [Michigan State University Extension](#) advises it is important to remember that the downy mildew fungi will overwinter in the plant itself and is protected by the plant cuticle. While there is no data to suggest that post-harvest treatments are beneficial in terms of a reduction in disease next season, there is a general correlation between disease presence and severity from season to season that warrants further research. If growers want to try an experimental postharvest application, they should focus on utilizing systemic fungicides that move downward in the plant tissue and might disrupt the mycelium that will be the source of next year's infection.

Systemic fungicides are typically described as locally systemic, acropetal systemic (moving upward), or basipetal systemic (moving downward). Locally systemic materials are not useful for the treatment of downy mildew at this time because they do not move far from the site of application and don't reach the sites where the disease overwinters.

True systemic fungicides are taken up by the xylem or phloem tissue of the plant and moved to new tissues. Many of the systemic materials today are only translocated upward via the xylem or water-conducting tissues. Distribution of a systemic fungicide in the phloem or carbohydrate-conducting tissue tissues (basipetal translocation or downward movement) would include translocation into the crown and roots where downy mildew overwinters.

Fungicides labeled for hops that move systemically downward include Aliette and phosphonate fungicides. Given the overwintering location of the fungi, a systemic fungicide with downward movement would be the best option. That being said, with little remaining leaf area and vines shutting down from shorter day lengths there may be limited value to a fungicide application at this time. Based on the lack of supporting data, postharvest treatments for downy mildew are not recommended as a general practice at this time. Growers with high levels of downy in their hopyards should instead focus on developing an aggressive, protectant treatment program for next spring.

Insect pests in the fall

Now let's consider some of the problematic insect pests still lingering after harvest. **Potato leafhopper**, **damson hop aphid** and **two-spotted spider mite** were all reported at significant levels in hopyards, and growers are considering what treatment strategies are available postharvest.

Potato leafhoppers (Image 1) were a real issue for some growers, but a treatment now would not affect populations next season because the potato leafhopper currently in hopyards will not survive the winter. Potato leafhoppers move north on spring storms each year, reproduce in the hopyards and can cause significant damage. However, their inability to survive the winter wipes out the entire population in Michigan each year.



Image 1. Potato leafhopper nymph and hop leaf covered in nymphs and showing signs of feeding damage with necrotic leaf margins. Photo credit: Erin Lizotte, MSUE

Damson hop aphid was observed in higher numbers as harvest approached and some growers had problem infestations at harvest (Image 2). Again we must look at the lifecycle of the pest to determine if a postharvest treatment could help keep numbers down next season. Hop aphids overwinter as eggs on *Prunus* species (genus of trees and shrubs including the plums, cherries, peaches, nectarines, apricots and almonds). In early spring, eggs hatch into stem mothers which give birth to wingless females that feed on the *Prunus* host. In May, winged females are produced and travel to hop plants where additional generations of wingless females are produced. As cold weather approaches, winged females and males are produced, move back onto a *Prunus* host, mate and lay eggs for before winter. We expect that this migration off hops and onto plants in the *Prunus* genus occurs sometime in September.

Growers with particularly high populations could apply a postharvest insecticide to limit the overwintering populations, but only if they are still present in the hopyard. Growers considering an application should scout their fields and confirm the presence of aphids before applications are made. Insecticides containing neem (i.e. Trilogy), imidacloprid (i.e. Admire Pro, Provado 1.6 F and many others), thiamethoxam (Platinum, Platinum 75 SG), flonicamid (Beleaf 50 SG Insecticide) or spirotetramat (labeled as Movento) all have activity against hop aphid.



Image 2. A wingless damson hop aphid on hop. Photo credit: Erin Lizotte, MSUE

Finally, two-spotted spider mites were an issue for some growers this season. Again, if we examine the lifecycle of the pest we can make better decisions about the potential impact of

postharvest management. Hops are a unique situation when it comes to mite management. Many horticultural crops use postharvest treatments in infested sites to reduce overwintering populations, but hop growers remove the plant itself quite early in the season, likely removing a large portion of the mites with it. The two-spotted spider mite that remain, overwinter as mated females on debris and trellis structures in the hopyard.

Mites remaining in the hopyard are susceptible to miticide applications but likely account for a relatively small number in fall when they are beginning to migrate to overwintering sites. Unless the infestations were at an economically significant level, miticide applications should be avoided if possible. Often one mite treatment leads to continued mite treatments as the natural balance of predators and beneficials is upset. For these reasons, postharvest treatments are not recommended unless hopyards are left unharvested and experienced extremely high populations.



Image 3. Two spotted spider mites including females (largest), males (mid-size) and immature (smallest). Photo credit: David Cappaert, MSU

Growers should also consider the importance of sanitation at this time. Removal of all bines and leaves from the hopyard is recommended. Plant tissues can harbor insects and disease and should be removed, buried or burned. Growers who did not harvest this year (as in first year hops) are advised to remove the plants after a hard frost to prevent increased pest and disease pressure next season.

Growers planning to utilize compost fertilizer can apply it this fall. Recommendations from the west suggest applying a couple of shovels full directly onto and around the crown. Conventional wisdom also suggests watering the bines just before shutting down the irrigation for the year, particularly in areas without good snow cover where desiccation might be an issue this winter. Growers are advised to not fully saturate the soils but keep the final watering moderate, particularly on heavier soils where rot could become an issue.

Take time to evaluate the season

Lastly, it is well worth a growers time to set aside a moment to reflect on the season. Take note of trouble areas in the hopyard, consider planning how to address pest or nutrient issues in the following season. It is also recommended that growers review their spray records and ensure they are complete.

For more information on record keeping visit the [resources page](#) of the [MSU Pesticide Safety program](#).

For more information about growing hops in Michigan and the Great Lakes region, visit hops.msu.edu

This article was published by [Michigan State University Extension](#). For more information, visit <http://www.msue.msu.edu>. To contact an expert in your area, visit <http://expert.msue.msu.edu>, or call 888-MSUE4MI (888-678-3464).

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE RELEASES FIFTH CLIMATE CHANGE ASSESSMENT SUMMARY

The newest Intergovernmental Panel on Climate Change (IPCC) assessment release confirms recent global warming trends and suggests additional warming in the future.

Posted on **October 3, 2013, MSUE News**, by **Jeff Andresen**, Michigan State University Extension, Department of Geography

The [Intergovernmental Panel on Climate Change](#) (IPCC) is an international body of scientists established by the [United Nations Environment Programme](#) (UNEP) and the [World Meteorological Organization](#) (WMO) to provide periodic assessments of the current state of knowledge in climate change and its potential environmental and socio-economic impacts. Containing the results of current research from thousands of scientists around the world, it is the most detailed and comprehensive report of its kind. Last Friday, Sept. 27, 2013, the IPCC issued a summary statement concerning its new [Fifth Assessment Report \(AR5\)](#), which is being released in four parts between September 2013 and November 2014.

The results of the summary were similar to the last IPCC Assessment Report (AR4) released in 2007 with a few notable changes. Overall, the summary concludes that the earth's climate system, including the atmosphere and oceans, has warmed during the past century and that since the 1950s, many of the observed changes are unprecedented over time periods of tens to thousands of years.

For example, the 1983–2012 period in the Northern Hemisphere was likely the warmest 30-year period for that part of the world in at least 1,400 years. Almost all regions of the world warmed during the 1901–2012 period. The total global increase in temperature between the 1850–1900 period and the 2003–2012 period was 1.4 degrees Fahrenheit; for comparison, the change in mean annual temperature in Michigan from 1900 through the present has been about 0.5 F.

The IPCC provides a degree of certainty, or uncertainty, with their conclusions based on the collective research evidence. In the case of a warming climate system, the term used was “unequivocal.” The report also noted changes in the frequency and magnitude of some types of extreme weather events since 1950, including decreases in the number of cold days and increases in the number of warm days and nights, heat waves and heavy precipitation events.

While the earth’s climate system is dynamic by nature, there is strong evidence that human activities are at least partially responsible for recent warming. Increasing concentrations of greenhouse gases have led to a positive forcing of the earth’s energy balance with relatively less energy leaving the system into space over time. Regarding these changes, the AR5 report states, “Human influence on the climate system is clear. This is evident from the increasing greenhouse gas concentrations in the atmosphere, positive radiative forcing, observed warming and understanding of the climate system...Human influence has been detected in warming of the atmosphere and the ocean, in changes in the global water cycle, in reductions in snow and ice, in global mean sea level rise, and in changes in some climate extremes.”

Simulations of historical and projected future climate with comprehensive global climate models strengthen the link between human activities and recent trends and suggest additional changes in the future. The report concludes that, “Continued emissions of greenhouse gases will cause further warming and changes in all components of the climate system.”

Historical and projected future mean global temperature changes with time are illustrated in Figure 1. There were four major greenhouse gas emission scenarios used for the future timeframe ranging from a with high emission rate “business as usual” scenario (RCP8.5 in red) to a high conservation/new mitigation technology scenario with an eventual decline in emissions (RCP2.6 in purple). The overall increases in mean global temperature for the four scenarios range from about 1.0 to 8.0 F. While the rates of warming vary significantly by scenario, they are still almost all greater than the historical changes. As to how we should respond, the report concludes that effective options are limited, and that, “Limiting climate change will require substantial and sustained reductions of greenhouse gas emissions.”

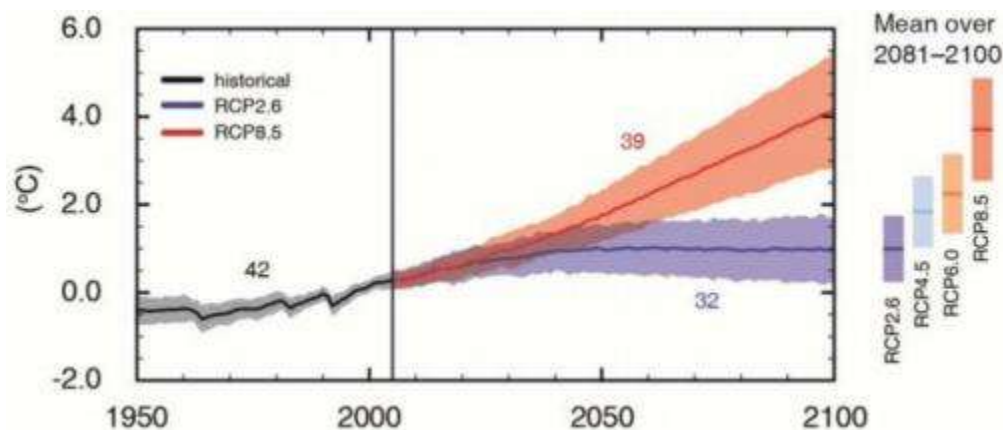


Figure 1. Simulated time series from multiple global climate models from 1950 to 2100 depicting the change in global annual mean surface temperature (degrees Celsius) relative to the 1986–2005 period. Future projections and a measure of uncertainty

(depicted by the shading) are shown for low (RCP2.6 in blue) and high (RCP8.5 in red) emission scenarios. Black (grey shading) is the modeled historical evolution using historical reconstructed forcings. The mean temperature change and associated uncertainties averaged over the 2081–2100 period are given on the right for all emission scenarios as colored vertical bars. The numbers of global climate models used to calculate the multi-model mean are indicated next to the traces. Figure courtesy of IPCC

As noted earlier, the conclusions of the report are in general similar to those of past Assessment Reports. One change is the degree of scientific certainty of some of the observations and projections. For example, with respect to the human influence on the warming, the AR5 report states, “It is extremely likely that more than half of the observed increase in global average surface temperature from 1951 to 2010 was caused by the anthropogenic increase in greenhouse gas concentrations and other anthropogenic forcings together.” The “extremely likely” term suggests 95 to 100 percent confidence in the statement and is relatively greater than previous reports. Another way of thinking of this is that the uncertainty associated with many aspects of climate change science has decreased with time.

The current report also more strongly emphasizes the risks associated with sea level rise, which has occurred relatively more quickly than previously expected. While it does not directly affect much of Michigan’s population, sea level rise threatens more than one billion people around the world living in low-lying coastal communities (i.e., witness the impacts of Superstorm Sandy on the East Coast last fall) and may be the most expensive of all climate change-related threats. The AR5 report concludes that sea level rose almost twice as fast from 1993-2010 as from 1901-2010, and that under all future projected scenarios, “The rate of sea level rise will very likely exceed the rates observed during 1971-2010.”

Another interesting conclusion regards the slowing of the increase in mean global temperatures during the past 15 years (relative to the past few decades). The rate of warming over the 1998–2012 was only 0.1 F per decade, while during the 1951-2012 period it averaged 0.2 F per decade. In response to this observation, the report states that at least some of the recent slowing is due to substantial decadal and interannual variability possibly associated with large atmospheric or oceanic cycles; 1998 was a strong El Niño year, which is typically associated with above normal temperatures. More importantly, the warming due to large scale greenhouse gas forcing continued during the period with the vast majority – more than 90 percent – of the additional energy being absorbed by the oceans. Recent research suggests that the recent energy partitioning pattern is very likely temporary, with a resumption of increasing atmospheric temperatures probable in the future.

Read the entire [IPCC Fifth Assessment Report Summary for Policymakers](#).

This article was published by [Michigan State University Extension](#). For more information, visit <http://www.msue.msu.edu>. To contact an expert in your area, visit <http://expert.msue.msu.edu>, or call 888-MSUE4MI (888-678-3464).

MAKING IT IN MICHIGAN CONFERENCE

Date: November 12, 2013

Time: 7:30 a.m. - 4 p.m.

Location: Lansing Center, 333 E. Michigan Avenue, Lansing, MI 48933

Contact: MSU Product Center, 517-432-4608 product@msu.edu

The Product Center team is proud to present an exciting educational agenda including:

- Industry leading keynote speaker session
- Practical, hands-on educational classes on launching or expanding your business and preparing you for the road ahead in regulations, safety, production, marketing and distribution
- Direct access to Product Center team members Marketplace Trade Show-160 vendors.

Free admission to the public 12:30 - 4 p.m.. For more information visit the [Product Center website](#).

AFRAID OF WHAT YOUR EMPLOYEES MIGHT SAY?

As employers we are often afraid to ask employees for input on decisions, assuming they will ask for something that we cannot, or do not want to deliver.

Posted on **September 27, 2013, MSUE News**, by **Stan Moore**, Michigan State University Extension

Managing employees can be tough. As employers, in agriculture or otherwise, we have decisions we need to make every day – decisions that need to be implemented by our employees. Therefore, it is important to consider the impact of decisions on employees and their ability to implement them amid everything else they are already doing.

Good management starts with how we view employees and how we “manage” them. If we’re “old school”, believing in a “command and control” approach, then were not going to ask them for input. This management mindset expects that most employees can’t be trusted, that employees won’t exercise self-control, that employees are lazy by nature and that they have little ambition. If that’s your management mindset, why would you ask for input?

The problem with this is that it assumes that you, as the manager, have the best knowledge, that you are complete in what needs to be known, and that your decisions cannot be improved. Experience should tell us that that is not the case. The reality is that decisions that get talked about and debated are usually better decisions.

So what is the alternative management mindset? What if you held the opposite view of the statements listed in the command and control mindset? If we really value employees and respect them, then we need to involve them. If trustworthy, ambitious people are going to be what drives your business forward then it makes perfect sense to ask them for input on

decisions. They need to become partners with you in reaching the goals of your business. They can only do that if they know and share the goals that you have set.

Practical examples of asking for employee input would be in making the best purchases and in scheduling. For example, when the business needs to purchase a new piece of equipment, why not ask the employees who will be working with the equipment to do the research on the possible options. Hopefully employees helped point out the need for the equipment as well. Not only does this help create a sense of belonging to a team, but it also provides you the opportunity to help build skills in your employees. You are helping them build decision-making skills, and you can also introduce such concepts as partial budgeting to determine which option will be the most profitable. Obviously, you still have to make the final decision, as you have to write the check, but including employees in farm decisions can make a huge difference in employee satisfaction.

What if you're looking at a change in how you schedule employees' work time? Wouldn't it make sense to ask employees what they would prefer? On farms and in other businesses, this has limitations since there are tasks that have to get done on weekends (the cows have to be milked every day), but there is also likely more flexibility than you may think. Sometimes as managers we just can't see a different way of doing it than how we are currently functioning. As [Michigan State University Extension](#) educators talk with dairy managers they have found that work time and schedules vary greatly by farm. Asking employees for input on scheduling, and procedure changes that may impact that scheduling creates another opportunity for you to build on teamwork and it may even help your business become more efficient.

Asking employees for input does not take away from your leadership of the business - you still have to make the ultimate decisions. Asking them for input does emphasize that as a leader, you understand that employees have valuable experience and knowledge and are best positioned to help move your business forward.

This article was published by [Michigan State University Extension](#). For more information, visit <http://www.msue.msu.edu>. To contact an expert in your area, visit <http://expert.msue.msu.edu>, or call 888-MSUE4MI (888-678-3464).

MI DEPT OF AGRICULTURE & RURAL DEVELOPMENT SEEKS FOOD SAFETY EDUCATION AND TRAINING GRANT PROPOSALS

Proposals due no later than October 31, 2013

The Michigan Department of Agriculture & Rural Development (MDARD) is seeking grant proposals for food safety education and training as part of the Food Safety Education Fund grant program. Grant proposals must be received by MDARD no later than 5 p.m. on Thursday, October 31, 2013. An electronic copy of the Request for Proposals (RFP), including grant criteria, is available on the department's website at www.michigan.gov/mdard.

The Food Safety Education Fund was established under the Michigan Food Law of 2000, as amended, Sec. 4117, and is funded through assessments of \$3.00 to \$5.00 from each Michigan food establishment license. Up to \$230,000 is available in the fund for the 2014 food safety education and training grant cycle.

Grants from the Food Safety Education Fund are competitive and designed to provide training and education to consumers on food safety; and training and education to food service establishment employees and agents of the director who enforce Michigan's food regulations. Entities eligible to receive grants include Michigan governmental and non-profit organizations and entities. Proposals with sub-grantees will be considered.

Proposals will be evaluated and scored based on the following criteria:

- Provides consumer food safety education or provides food safety training and education to food service establishment employees or regulators who enforce the food law
- Meets a broad statewide need
- Improves food safety or food safety education
- Includes measurable outcomes
- Provides opportunities to build upon previously funded projects
- Provides opportunities to work with key partners directly involved in the grant project
- Includes opportunities to leverage funds or match funds

The applications will be evaluated, scored, and ranked by a Joint Evaluation Committee (JEC) in November 2013 to recommend which projects will be funded. The JEC will be composed of MDARD, local public health, and industry representatives. Grants will be awarded for projects that run from January 1, 2014 to December 31, 2014.

Grant proposals may be submitted electronically or via traditional mail (please allow ample time for delivery) to:

Michael Fuhrman
Michigan Department of Agriculture & Rural Development
Food and Dairy Division
P.O. Box 30017
Lansing, Michigan 48909
Fax: (517) 373-3333
Email: fuhrmanm@michigan.gov

Electronic submissions are encouraged. If submitting a hard copy of your proposal, please allow additional time for mailing. For more information, contact Michael Fuhrman at 517-243-8896 or visit www.michigan.gov/mdard.

SECTION 179 EXPENSE DEDUCTION AND BONUS DEPRECIATION

Farmers have utilized Section 179 Expense Deduction and Bonus depreciation to increase deductions from taxable income over the last few years, but the ability to make use of these as a tax management strategy may be limited in the future.

Posted on **September 25, 2013, MSUE News**, by **Adam Kantrovich**, Michigan State University Extension

Agricultural producers over the last few years have made use of both IRS code section 179 Expense Deduction and bonus depreciation but the reliance on these as tax management tools may become limited in the near future.

The section 179 expense deduction allows a business owner to “recover all or part of the cost of certain qualifying property” according to the IRS. This must be done within the tax year that the property was placed into service. The benefit is that a producer can expense (with limitations) a capital purchase instead of depreciating the item over time using appropriate number of recovery years. For an item to be able to be “direct expensed,” it must be qualified property.

Qualifying property is property that is eligible, acquired for business use and is acquired through purchase. Eligible property is property that is considered tangible personal property. For example, this includes single purpose agricultural or horticultural structures, machinery and equipment, as well as breeding and dairy livestock and fur bearing animals.

The limit for section 179 for the 2013 tax year is \$500,000 with a dollar for dollar phase out beginning at \$2 million. The limit for the 2014 tax year will be \$25,000. There were changes passed in January 2013 for the 2012 and 2013 year. Other tax laws were also changed during this period such as a permanent increase on the exemption amount for the Alternative Minimum Tax (AMT) and the estate tax.

The Special Depreciation Allowance, also known as bonus depreciation, was kept at the 50 percent level for 2013 and should disappear completely for the 2014 tax year. Generally, section 179 is used first then bonus depreciation may be used for qualifying property. A point to remember is that bonus depreciation can only be used for original use assets (new not used) while used property may be eligible for section 179.

Fruit farmers are normally not eligible to use bonus depreciation because they have elected out of the Uniform Capitalization Rules (UNICAP). This has allowed fruit growers to expense most pre-productive expenses but requires them to use the Alternative Depreciation System (ADS) and makes them ineligible for bonus.

In agriculture, as with any other business, one has to make management decision based on the laws that presently exist not what may be. [Michigan State University Extension](#) recommends performing the necessary tax planning and financial business analysis using the present law while keeping the changes in mind to determine the best course of action as it deals with capital asset purchases over the next couple of years. Consult your tax professional or local MSU Extension farm management educator if you have questions about your specific situation.

For further information please contact me at akantrov@msu.edu or view the MSU Extension [Farm Information Resource Management webpage](#).

This article was published by [Michigan State University Extension](#). For more information, visit <http://www.msue.msu.edu>. To contact an expert in your area, visit <http://expert.msue.msu.edu>, or call 888-MSUE4MI (888-678-3464).

CAPITAL GAINS TAX CHANGES MAY AFFECT FARMS

Some changes with capital gains tax rates may affect some farms and especially those considering retirement and passing the farm on to the next generation or selling the farm outright.

Posted on **September 25, 2013, MSUE News**, by **Adam Kantrovich**, Michigan State University Extension

Some changes with capital gains tax rates may affect some farms and especially those considering retirement and passing the farm on to the next generation or selling the farm outright.

There are two types of capital gains and multiple rates. The two major types of capital gains are usually referred to as short-term and long-term.

Short-term is applied to those investment(s)/asset(s) held for one year or less (or in the case of cattle or horses, 24 months). The taxable rates for these are treated at the ordinary income tax rates (0 percent - 39.6 percent)

Long-term capital gains rates have changed by adding a new 20 percent bracket plus a possible 3.8 percent [Medicare tax on net investment income](#) brought on by the Affordable Care Act. For the 2013 and future years, long-term capital gains rates are as follows:

1. Capital Gains Rate of zero percent for capital gains income that falls within the 10 percent or 15 percent income tax brackets.
2. Capital Gains Rate of 15 percent for capital gains income that falls within the 25 percent, 28 percent, 33 percent or 35 percent income tax brackets.
3. Capital Gains Rate of 20 percent for capital gains income that falls within the new 39.6 percent tax bracket.

For those who are married filing jointly with a modified adjusted gross income of \$250,000 (\$200,000 filing single or \$125,000 married filing separately) will have an additional 3.8 percent tax applied to net investment income. Most farms do not normally have to worry about this but there are some possible scenarios where this may come into effect. Typically, the sale of an asset that is used in a trade or business is not considered net investment income, including farm ground that is being used directly by the producer. But if a producer were to retire and lease their farm ground out and the land owner is no longer filing a [Schedule F \(Form 1040\)](#) and sells the land, the income would be considered derived from an investment since it was no longer being used in a trade or business by the property owner.

If you have questions about your specific situation, [Michigan State University Extension](#) recommends to always make sure you contact your tax and or legal advisor.

For further information please contact me at akantrov@msu.edu or view the MSU Extension [Farm Information Resource Management webpage](#).

This article was published by [Michigan State University Extension](http://www.msue.msu.edu). For more information, visit <http://www.msue.msu.edu>. To contact an expert in your area, visit <http://expert.msue.msu.edu>, or call 888-MSUE4MI (888-678-3464).

FINAL LEELANAU COUNTY HOUSEHOLD HAZARDOUS WASTE COLLECTION

The final **Household Hazardous Waste (HHW)** and **Electronics** 2013 collection for Leelanau County households, is **Saturday, October 12** in Peshawbestown, at the gas station parking lot across from the casino.

Materials accepted include: oil-based paints, thinners, varnish, yard & garden chemicals and sprays, household cleaners, needles, syringes, batteries, mercury, moth balls, lighter fluid, gasoline, oil, etc.

For a complete list of items accepted, and materials NOT ACCEPTED, http://leelanau.cc/downloads/hhw_flyer_for_august_17_2013_collection.pdf

For information on proper disposal of Latex Paint, and Drugs, http://leelanau.cc/downloads/proper_disposal_of.pdf

To make an appointment for October 12, call 231-256-9812.

Sponsored by: Leelanau County Solid Waste Council.

ALSO - The **Clean Up and Green Up** event will be held on Sunday, November 3, 2013 from 9 am until 3 pm at American Waste, 280 Hughes Drive in Traverse City. Website: <http://www.cleanupgreenup.com>

WEBSITES OF INTEREST

Insect and disease predictive information is available at:

<http://enviroweather.msu.edu/homeMap.php>

This issue and past issues of the weekly FruitNet report are posted on our website

<http://agbioresearch.msu.edu/nwmihort/faxnet.htm>

60 Hour Forecast

<http://www.agweather.geo.msu.edu/agwx/forecasts/fcst.asp?fileid=fous46ktvc>

Information on cherries is available at the new cherry website:

<http://www.cherries.msu.edu/>

Fruit CAT Alert Reports has moved to MSU News <http://news.msue.msu.edu>

Tart Cherry Raw Product Reports – 2013

<http://www.cherryboard.org/Week82013.pdf>