



News & Views

A Monthly Publication Dedicated to the Feed, Seed, Grain and Farm Supply Industries of Wisconsin

WASA Board Ballots

Four seats on the WASA Board of Directors will be up for election this year. There are normally three seats elected every year, however one director resigned due to the sale of his business during the past month. That fourth directorship is being replaced with this election. The seats up for election are the Feed Industry representative, two District representatives and an At-Large representative. The candidates for the Board are as follows:

Feed Industry Representative:

John Van De Wiel,
Cuba City Feed Mill, Inc., Cuba City (incumbent)
Mark Yanke, Pulaski Chase Coop, Pulaski

At Large Representative:

Doug Cropp,
Landmark Services Cooperative, Evansville
Steve LaChey,
Larsen Cooperative Company, New London

Northeast District Representative:

Tom Lefeber,
St. Nazianz Milling Inc., Saint Nazianz
(incumbent)
Scott Rabe, Quality Roasting, Inc., Valders

Southwest District Representative:

Kathy Cox, Wisconsin River Coop, Adams
David Wiederholt,
Riverdale Ag Service, Inc., Muscoda (incumbent)

Ballots were mailed immediately after the first of January along with a WASA-addressed envelope. Be sure and return your ballot in the ballot envelope as faxed ballots cannot be counted. At the Convention,

the Board of Directors will tabulate election results on January 31 and the results will be announced the following afternoon during the annual meeting.

WASA Convention

The trade show has been sold out for over a month; registrations are up from last year's numbers, and we have a great program lined up. The discussion on Thursday morning is something every grain and/or feed manager needs to hear; that is, the impact both today and tomorrow of biofuels on your business. The WASA portion of the first afternoon will be nationally recognized experts on the feeding and nutrition of distiller's grains on dairy, beef and swine. We simply cannot emphasize it enough; if you are in the feed business, you need to attend that portion of our program. If distiller grains aren't of interest to you, there are four other breakouts happening three times that afternoon.

The second day's program is one that again will be of vital to all of Wisconsin agribusinesses. The Director of the Farm Service Agency in Washington, DC, will be speaking to the group. This is the government agency that handles LDP's and the Uniform Grain and Rice Storage Agreement program (CCC agreements), which is proposed to be terminated. Both of those topics, as well as discussion of the '07 Farm Bill will be of importance to your operation. The second speaker that morning is a nationally known market analyst and commentator who will provide a slightly different viewpoint regarding how he thinks things ought to be.

And finally, a repeat performance from a few years back by Mike Leckrone, the UW Marching Band Director, along with a few friends of his.

And we've added something new for WASA members only this year; a private reception following the Taste of Elegance. This reception will only be open to WASA members or WASA-

registered exhibitors. It will be held in the Great Karoo restaurant right off the lobby, which overlooks the waterpark. Admission is included with your registration and it'll be a great opportunity to talk, network and just catch up with folks you may not have seen in awhile.

If you haven't yet registered, please use the enclosed form and be sure to come prepared to learn about the future of Wisconsin agribusiness.

Gas & Electric Bills■

There are a couple issues regarding gas and electric bills of which we want to be sure you are aware. In southwestern Wisconsin, Alliant Energy is backbilling some customers that were on interruptible natural gas billing programs. By and large, the folks that are on that program are grain elevators running grain driers. The bottom line is that Alliant failed to implement a rate increase on these customers' bills back in June 2005. Alliant recently discovered the error and is going back to the customers demanding the underbilled amount for the past 18 months of service.

Your first reaction is probably that if Alliant's problem happened to you and your business, good luck trying to collect from your customers. You'd probably have to eat the error. Well, that's not the situation in the world of regulated power companies. They are statutorily required to collect underbilled amounts caused by misapplied rates. So the word to the wise is to check with your natural gas supplier prior to drying season and confirm what your proper rate should be. Then, double check your bills to be sure you have been billed the proper amount. Don't think if you have been underbilled that the mistake will never be caught or that your supplier can't come back on you. They can, and are legally required to do so.

Secondly, some of the Alliant reps, when delivering the bad news as described above, are trying to "soften the blow" by informing customers of the sales tax exemption on electricity and fuel used in manufacturing processes.

This sales tax exemption has been in effect since

January 1 of last year, but after conversations with a few members, some folks are unaware of it. To qualify for the sales tax exemption, the electricity and/or fuel must be used in a process defined as manufacturing and you must file a Certificate of Exemption with the seller of the energy. (If you need a Certificate of Exemption in order to qualify, please contact the WASA office.) Prior to this exemption, a manufacturer's sales tax *credit* was available for sales and use taxes paid on fuel and electricity consumed in the manufacturing process in Wisconsin. The current law simply changed a tax credit into an exemption in which the tax simply isn't charged on electricity and fuel used in the manufacturing process, assuming you have filed the Exemption Certificate. Just as a further point of interest regarding taxes and the manufacturing process; machinery and equipment used in the manufacturing process are also exempt from property taxes and their purchase is sales tax-exempt.

Generally, grain drying, fertilizer blending, and feed production are considered manufacturing processes. Listed below is the definition of manufacturing to assist you in determining what processes are "manufacturing" in your operation. The rule of thumb is whether a product's "form and function" has been changed.

SCOPE OF MANUFACTURING.

(a) Manufacturing includes the assembly of finished units of tangible personal property and packaging when it is a part of an operation performed by the producer of the product or by another on the producer's behalf and the package or container becomes a part of the tangible personal property as the unit is customarily offered for sale by the producer. It includes the conveyance of raw materials and supplies from plant inventory to the work point of the same plant, conveyance of work in progress directly from one manufacturing operation to another in the same plant and conveyance of finished products to the point of first storage on the plant premises. It includes the testing or inspection throughout the scope of manufacturing.

(b) Manufacturing does not include storage, delivery to or from the plant, repairing or maintaining facilities or research and development.

It is important to note that not all uses of electricity or fuel at a site where manufacturing occurs qualify for the sales tax exemption. Once a product is manufactured, energy used for its storage is not exempt from state sales tax. As an example, energy used to dry/aerate grain (moisture removal), including the electricity to operate conveyance systems to the dryer, the dryer fuel, and electricity to operate conveyance systems to the first point of storage for the final product would be exempt from state sales tax. Other uses of energy at a grain facility, such as power used to load-out grain from storage bins or power used in the scale house would be subject to sales tax.

In most instances, 100 percent of fertilizer blending and feed production operations will qualify for the sales tax exemption (other than storage of finished products, if any). In any event, you must still evaluate each location to determine if any energy consumed is for non-manufacturing purposes. As an example, energy used for lighting, storage of finished products, employee break rooms, etc. are not tax-exempt uses.

In cases where a proportion of the energy used is exempt, you must determine what that amount is. There is not a formal process for making the exemption determination. Use good judgment in determining what areas of the facility are used for manufacturing the definitions above. Consider variances in seasonal usage as a means to determine a baseline expense subject to sales tax at grain facilities. Finally, make sure you can defend your numbers since the state is likely to review them in an audit.

Eldon Roesler Scholarships■

WASA annually provides four \$1,000 scholarships to Wisconsin students. The scholarships have been entirely supported in the past by the proceeds of the annual “Golf Fore Scholarships” outings. As was the

case last year, additional support is being provided by the American Seed Trade Association state scholarship program. We are very appreciative and grateful for this additional sponsorship of a very worthwhile program.

The criteria for consideration for the scholarships will remain the same and are as follows:

- be a Wisconsin resident,
- have completed one year of study at a Wisconsin university, college or vocational/technical college in an agricultural discipline or in another discipline with the stated intent of pursuing a career in an agriculture-related field,
- have a minimum of a 2.75 cumulative grade point average on a scale of 4.0, and
- can demonstrate in written form qualities of leadership, academic ability and financial need.

What do you need to do? Just copy both sides of the enclosed form and leave it on your counter and/or mention it to any employees or customers who may have an eligible child. If an applicant is awarded a scholarship that received their application from you, the resulting good will and potential positive publicity can't do you any harm. And all you have to do is have the applications on your counter or mention it to your employees. Not a bad deal.

Looking Down the Road■

- Jan. 24 -26** **International Feed Expo**, held in conjunction with International Poultry Expo
Atlanta
- Jan. 31** **WASA Annual Safety Day**
Kalahari Resort, Wisconsin Dells
- Feb 1 & 2** **WASA Annual Convention & Trade Show**, held in conjunction with the Wisconsin Corn/Soy Expo
Kalahari Resort, Wisconsin Dells