January 2009

The Monthly “Beet”
Commercial Horticulture Newsletter for Southeast North Carolina

Future Cooperative Extension Programs, Business Planning
and Crop Production Issues & Alternative Crops

This newsletter is intended for people interested in commercial fruit and vegetable production, business planning and North Carolina Cooperative Extension Service meetings throughout North Carolina. For back issues of this newsletter please go to the Jones County Extension website and click on the Commercial Horticulture, Nursery & Turf menu option on the left side of the website. The website address is: http://jones.ces.ncsu.edu

Mark Seitz
Extension Area Specialized Agent
Agriculture – Commercial Horticulture
(252) 448-9621 or Mark_Seitz@ncsu.edu

Upcoming Workshops, Tours & Meetings


January 13-14, 2009. NC Blueberry Council, Inc. 43rd Annual Open House. Sampson Agri-Expo Center, Clinton, NC. Registration 8:30 AM. Meeting 9 AM. Contact Julie Woodcock at (910) 471-3193 or by email at: jwoodcock@bellsouth.net for more information.

January 13-16, 2009. Mid-Atlantic Direct Marketing Conference. Atlantic Coastal Agricultural Conference and Trade Show. Trump Taj Mahal Casino-Hotel, Atlantic City New Jersey. Optional Farm Tour, January 16th. www.madmc.com. This is a very good conference with farm tours in an area of the country with high population, heavy doses of urban sprawl, high land prices and lots of customers with large amounts of disposable income.

January 20, 2009. Muscadine Grape Production & Pruning Workshop. 9 AM – 1 PM. Jones County Senior Center & Warren Vineyard, Trenton, NC. Call Mark Seitz at (252) 448-9621 to register and for more information.

February 6, 2009. 9th Annual NC Cooperative Extension’s SE District Agritourism Conference. Wayne County Extension Center, 208 W. Chestnut St., Goldsboro, NC. 8:30 AM – 2:30 PM. Topics: Keeping Business Strong in Today’s Economy, AgriCultural Tourism Leadership, Management & Team Building, Local Food Networks – Challenges & Opportunities. Call (252) 448-9621 for more information.


North Carolina State University and North Carolina A&T State University commit themselves to positive action to secure equal opportunity regardless of race, color, creed, national origin, religion, sex, age, veteran status or disability. In addition, the two Universities welcome all persons without regard to sexual orientation.

**DATE CHANGE! DATE CHANGE! DATE CHANGE!**

Please note there are two date changes for meetings that were listed in the December 2008 newsletter.

The *Muscadine Grape Pruning Demonstration*, listed in the December 2008 newsletter, was originally scheduled for January 21, 2009. This date has changed from Wednesday, January 21, 2009 to Tuesday, January 20, 2009, to avoid a conflict I have with a two day Good Agriculture Practices (GAP) training for Extension agents that begins on January 21, 2009. The program will also start and end at Warren Vineyard. I had originally planned to start at the Jones County Senior Center, but we will meet at the farm instead.

The *Regional Farmers Market Meeting*, Rocky Mount, NC was rescheduled from Tuesday, February 24, 2009 to Wednesday, February 18, 2009. This date change (one week earlier than originally scheduled) was done to accommodate the schedule of a key speaker for this program. We will meet at the Rocky Mount Farmers Market in Rocky Mount, NC. Additional information will be included in the February newsletter. Please make this date change on your calendar!

**BUSINESS PLANNING**

Great! Tax season is coming around again!

“Willingness to change is a strength, even if it means plunging part of the company into total confusion for a while.”

- Jack Welch

**YEAR END TAX PLANNING**

I am by no means a tax expert, but thankfully NCSU’s agricultural tax expert, Mr. Guido van der Hoeven, was willing to share some year end tax information pertinent to your small businesses and farm ventures. I hope you find this information useful as you get ready to deal with “Tadrick the Tax Man” in 2009. Here are Mr. Van der Hoeven’s comments:

**“Tax Planning after the Close of the Tax Year**

Do tax planning opportunities exist after the close of the tax year? Yes, small business owners have two powerful tools to use in 2009 as means to reduce income and self-employment taxes as the 2008 tax returns are being prepared. These two tools are: Internal Revenue Code Section 179 expensing election (Sec. 179) and Additional First Year Depreciation (AFYD).

**Section 179 Expensing:** For 2008 the Sec. 179 expensing limit is $250,000. The investment limit is $800,000. Should a company invest in equipment above the investment limit, the expensing limit is reduced dollar-for-dollar by the excess amount. A further limitation is income from the business. Sec. 179 elections cannot create a loss for the business, only zero out the net income. Any excess due to the income limitation may be carried over to subsequent years. This may be a planning strategy to employ if business income is expected to be higher in a subsequent year, and there will be limited equipment purchased in that subsequent year. Used and new equipment purchases qualify for Sec. 179.

**Example:** Haw Thorne owns a nursery company; his net income for the year, before any depreciation, is $100,000. Haw purchased a new pickup ($30,000) and a used skid-steer loader ($25,000) in 2008. Haw can elect to expense both items. Assuming Haw’s federal marginal tax bracket is 25%, state marginal tax bracket is 8% and the self-
employment tax rate is 15.3%, by expensing these items Haw can defer up to $26,565 ($55,000 * 0.483). Haw can select how much he needs (wants) to expense to manage his tax liability. The range can be zero expensing or both items fully.

**Additional First Year Depreciation:** As part of the federal stimulus legislation passed in May 2008, Congress reinstated for one calendar year (2008) AFYD. A taxpayer may deducted 50% of new property placed into service for the business in calendar year 2008 (fiscal year businesses need to be aware of dates of purchase). For AFYD unlike Sec. 179, there is neither a purchase amount limitation nor an income limitation. For tax planning a loss can be created with AFYD and the loss may be carried back 2 years or carried forward for 20 years.

**Example:** Haw Thorne from above, decides not to expense his new pickup, but rather to use the AFYD and uses normal MACRS depreciation on the balance of the pickup as well as on the used skid-steer loader. This decision results in a deferral of tax in the amount of $11,109 (23,000 * 0.483) for 2008.

As illustrated above, Haw has great flexibility in managing his tax liability for 2008 after the close of the tax year. Haw must however follow the ordering rules: Sec 179 is first, AFYD is second and regular MACRS depreciation is last. Haw must elect to use Sec. 179. The presumption of the law is that AFYD will be used, if Haw does not wish to use AFYD, he may elect out and does so depreciation class by depreciation class.

Questions about the future of income tax rates after the recent election are many. If a taxpayer believes that tax rates will increase significantly, one decision may be to pass on using Sec. 179 and AFYD for 2008. However, time value of money should be considered while determining what is the optimal decision for the business long-term.

Business owners should consult their income tax professional to assist them with planning the optimal strategy for their unique facts and circumstances.”

If you have any questions about this or want additional information contact Dr. van der Hoeven, Extension Specialist/Lecturer, by email at: guidovdh@ncsu.edu or by phone: 919-515-9071.

**Muscadine Grape Production and Pruning Workshop**

The program will start at Warren Vineyards (rain/shine). Bring pruners, loppers and gloves for some hands on pruning practice. We will do an educational component inside a small garage on the farm and then will go out and do some hands on pruning practice. See you in January.

**High Tunnel Greenhouse Production Workshop**

**Save the date! – February 17, 2009 – Save the date!**

The agenda for this program is still being finalized and the final details worked out. However, the location for the program is the Center for Environmental Farming Systems (CEFS) in Goldsboro, NC. I moved this meeting to Goldsboro for two reasons. One CEFS has a number of working high tunnels that we can tour and use for teaching purposes and two because there is interest for this type of production from a wider area than Jones, Craven, Onslow & Lenoir County. I will get the program details wrapped up and have them available later this month and in my February newsletter.

**Year End Comments:**

First, I wanted to apologize if you feel like you are missing some kind of crop production article in this month’s newsletter – but you are. I had great intentions but ran out of time.

Second, I wanted to say “Thank You” to all of you as 2008 ends and 2009 begins, for your support and
your interest in NC Cooperative Extension programs and more specifically the programs I have offered in 2008. It is a privilege to be able to work with all of you; in spite of the challenges and curves you tend to throw my way.

I am blessed to work with so many dedicated people who challenge me to help answer so many challenging questions and tasks given to me every day. While I do not profess to be an expert crop production agent or an expert food scientist or an expert tax accountant, I hope that the topics I have shared with you in this newsletter have addressed these and many other topics sufficiently to help keep you and your business on track.

We are all facing a lot of economic uncertainty in the coming months, but I am confident that your hard work, diligence and management skills will carry you all through the storm. I know it is cliché to say ‘I’m from the government and I’m here to help”, but I am. I will do everything I can to help you find answers to your production and marketing questions as they arise. If I can’t find the answers you need, it is my pledge to you that I will find the people who can. And it is my goal in 2009 to continue to do everything I can to help you be successful.

I will be out of the office from December 22 until January 5, visiting my family in MI and OH and YES – enjoying a bit of winter! I know that is a foreign concept to most of you, but I grew up in the snow and enjoy getting back for a couple of weeks to play. (I don’t miss living in it!)

I hope you have a chance to relax with your families this holiday season and I look forward to working with all of you in the coming year. Thank you again for your assistance, your questions and your support. They help keep me on track and keep challenging me to get better and be a better Extension agent.

See you in January.

If you have questions about any of the information, upcoming meetings, business strategies, or crop production management issues, please call me at the Jones County Extension Center at (252) 448-9621. I can also be reached by email at: Mark_Seitz@ncsu.edu.