

Defense of renewable fuels

Ethanol: Clean-burning, American-grown, rural economy driver

Drought. Torrential rains. Hail. High winds. Triple digit temperatures. Farmers go into each year expecting some battles; yet, this year Texas farmers had to face a battle in Austin they might not have expected.

It can be easy to take for granted that, despite our state's strong agricultural roots and the agricultural industry continuing to be the second-most economic driver, many of our fellow Texans are generations removed from the farm and an increasing number aren't native Texans – often failing to understand agriculture and the markets such as renewable fuels that are invaluable to the industry.

In the Texas Legislature's 84th session, which convened in January, there were hundreds of bills filed; among those bills were HB 1693 and HB 3835 both filed by Jason Isaac representing District 45 in the Austin area. The implications of what these

pieces of legislation proposed would have a devastating impact on not only the state's agricultural industry, but on agriculture throughout the nation as a whole.

Banning ethanol in Texas

HB 1693 was relating to a prohibition on the sale of motor fuel mixed with ethanol; imposing civil and criminal penalties. Essentially, this legislation would make it illegal to sell gasoline with any blend of ethanol in the state of Texas. If passed into law, this would displace 500 million acres of corn in the marketplace, and annihilate approximately 10 percent of the U.S. ethanol market.

As corn farmers, the implications of this bill are obvious – it would drastically impact the supply/demand ratio on a nationwide level. The repercussions of the displacement of this large amount of the corn supply would have a ripple effect on all the state's commodities, further impacting not

continued on p. 6

From the Texas Corn Producers Board
and the Corn Producers Association of Texas
June 2015

the kernel



INSIDE THIS ISSUE

CORner Comments

David Gibson.....	2
Scott Averhoff.....	2
Advanced Training Seminar ...	3
Bearish Corn Market	3
The Voice: Association News	
President: Bruce Wetzel	4
D.C. Legislative Visit	4
Corn Cob Classic	5
Ethanol Legislation, cont.	6
Odds & Ends	7
Upcoming Events	8

CORNER Comments



David Gibson
TCPB Executive Director
CPAT Exec. Vice President

Corn producers need to be aware of the many things that are going on that impact their operations that occur on a regular basis both at the state and national level.

The recent legislative activities in Austin had bills that would have banned the sale of ethanol in any fuel in the state, and removed vehicles that use E-85 from the state fleet. If you want to read more on these bills go to: www.legis.state.tx.us and read about HB 1693, HB 3835, and SB 12.

There were many bills pertaining to water policy; how brackish water is managed

was a topic that was common on many bills, another bill we supported was to support the privacy of information reported to water districts. Bills were filed pertaining to Genetically Modified Organisms (GMO) labeling that didn't advance, and a resolution supporting GMOs and sound science did advance. This session of the Texas Legislature has highlighted the challenges agriculture will face – in the state where Agriculture is the number two driver of the states economy.

Legislation pertaining to the Texas Grain Producer
continued on p. 5

Recently, I attended a grower meeting at Attebury Grain in Saginaw, Texas. Corn, sorghum and wheat were all represented to a good crowd of growers in attendance – most likely due to most of us being rained out and the promise of a good lunch at Joe T Garcia's. While I was in line for lunch, a young grower introduced himself to me. Zach Goodwin from Alvarado was one of the two inaugural winners of the CPAT college scholarship. He is farming along with his father. It is good to see that we have talented young people returning to their family's farming operation.

Over the last month, I have talked to growers from the Valley up to the Red River. The common theme has been that they have simply not

been able to get their crops planted or they are having to replant drowned out crops. Growers in South Texas are well past their final and late planting period dates. This has created a unique circumstance whereby they have minimal crop insurance protection while still being required to pay the full premium. Their hope would be that the precipitation will continue through the summer and that they will have cooperative weather to complete a late harvest.

TCPB manages your check-off investment to increase the profitability of Texas corn producers through research, promotion and education. If there is an area you feel needs to be addressed, please contact us. I hope you have



Scott Averhoff
TCPB Chairman
Waxahachie, Texas

a safe planting, growing or harvest season after all this is Texas. We are usually doing all the above at the same time somewhere in the state.

New seminar to offer insight for strategic farm management

Join the Texas Corn Producers for its inaugural Advanced Training for Agricultural Professionals program.

This event will offer farm owners extensive knowledge on how to strategically manage their farm operations. The event will be held Sept. 7-9, 2015, at the Embassy Suites Fort Worth - Downtown in Fort Worth, Texas.

Geared toward farmers looking to further their management skills for their farm business, the event features

several distinguished speakers covering pertinent topics, including:

- **Best Management Practices**
Danny Klinefelter, *Texas A&M University and AgriLife Extension*
- **Strategic Planning and Megatrends**
David Kohl, *Agricultural Finance and Small Business Management at Virginia Tech University*
- **Strategic Management**
Allan Gray, *Agricultural Economics at Purdue University*

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- **Strategic Positioning**
Mike Boehlje, *Agricultural Economics at Purdue University*

Registration for the event is just \$100, and includes meals and breaks. A block of rooms has been reserved at a discount at the hotel.

Those interested in attending can get more information and register online at www.TexasCorn.org.

Bearish corn market for farmers

As 2015 has progressed, many farmers in the state have grown optimistic for this year's crop, as many have received much-needed moisture. Unfortunately, the corn market doesn't appear to be looking quite as optimistic as Mother Nature thus far.

The corn market is laboring according to Mark Welch, Texas A&M AgriLife Extension economist.

"The corn market is struggling right now due to carry-over from last year's record crop, consumption estimates that are steady but not anything real exciting, and the prospects for a good crop this year—planting progress is ahead of normal and moisture prospects are favorable," Welch said. "In addition, no major international produc-

tion developments are on the radar right now."

Welch estimates the average October closing price for December corn futures to be between \$3.60 and \$4.30, with a mid-point of \$3.95. He noted other factors such as economic growth domestically and international and the value of the dollar will play into where the final price will ultimately be.

"I am concerned that farmers are still holding a good bit of last year's crop in storage that will need to come to town before we bring in the next crop," Welch explained. "That could serve to dampen any price rally we see early this summer unless we get into serious trouble."

Welch advised farmers to consider a recalculation of breakeven prices, with current production prospects looking favorable.

He suggested this might reveal that even at these lower prices, there may be some profitable opportunities for farmers.

"This is particularly true if your basis is above normal, which it still is for many Texas growers," Welch elaborated. "If nothing else, take advantage of basis strength."

While noting the tough market scenario laid forth for farmers in a down market, Welch said knowledgeable and strategic marketing is what will allow farmers to prove fruitful this year.

"It helps if you know your costs, can project at what price you can turn a profit, and if you have a plan by which you establish some criteria for making marketing decisions," Welch concluded. "Opportunities may be limited and short lived."

THE VOICE: Association News

A note from the President...

Keeping Our Heads Above Water...

Have you ever felt like you have too many tasks on the “to-do” list, and not enough time to do them? Many producers throughout the state, including myself, are feeling the strain from the torrential rainfall much of Texas has experienced since the beginning of the year. At present time I need to be applying fertilizer to corn, applying herbicide to corn, and applying fungicide to corn — all while needing to prepare my equipment and grain facilities for the upcoming wheat harvest.

The inability to accomplish much fieldwork over the last few months has put most producers management and delegations skills to the test. These days, it seems that these skills often seem to trump those of equipment operator and agronomist, as time and the ability to plan ahead becomes an ever

more valuable asset. Crop insurance paperwork, FSA deadlines, tax planning, and employee management only seem to complicate the issue further. Farm management has changed dramatically from several decades ago when my fathers’ “office” consisted of a spiral notebook on the dash of his 1961 Ford pickup and a #2 pencil in the bib of his overalls.

The Corn Producers Association of Texas continues to work to help producers throughout the state on a vast range of topics in order to increase production and profitability on the farm. One way that CPAT is doing this is with the upcoming Advanced Training for Agricultural Professionals seminar, which will take place Sept. 7-9, 2015, in Ft. Worth. This training is designed to offer extensive knowledge to Texas producers on how to strategically manage their farming



Bruce Wetzel
CPAT President
Sherman, Texas

operations. Scheduled classes include Best Management Practices, Strategic Planning and Megatrends, Strategic Management, and Strategic Positioning. We hope that you will join us for this exciting opportunity. More information on the seminar is available at www.TexasCorn.org.

Texas corn farmers visit The Hill

As many across the Texas countryside were either in the fields planting or preparing to plant, seven members of the Corn Producers Association of Texas took time away from their farms to join CPAT staff in an important trip east to D.C.

Scott Averhoff of Waxahachie, Aaron Martinka of Buckholts, Charles Ring of Sinton, Wesley Spurlock of

Stratford, Jim Sugarek of Beeville, Dee Vaughan of Dumas, and Jimmy Wedel of Lubbock attended the visits.

While in D.C. these CPAT members met with legislators, legislative staff, and key agency contacts to discuss issues impacting Texas corn farmers and the agricultural industry as a whole.

“It’s important for CPAT to make these contacts each

spring so we can establish the association as a resource for the people making decisions that ultimately impact our members’ farms and Texas agriculture,” CPAT Executive Vice President David Gibson said. “While there, we discussed the state’s corn industry as well as many issues impacting the state’s corn farmers such as the Renewable Fuel Standard.”

Tee off for the 4th Annual Corn Cob Classic

Have fun on the greens and support the Texas CornPAC

The Corn Producers Association of Texas is once again holding the Annual Corn Cob Classic golf tournament to raise funding for the Texas CornPAC*.

This year's event will be held Aug. 15 at the Dalhart Country Club at 3139 Highway 54 West, Dalhart, Texas.

Join fellow Texas corn industry supporters on this course in the midst of Texas corn country, which features an 18-hole course 6,539 yards of golf from the longest tees for a par of 72.

Registration for the two-person scramble is \$150 per team. To sign up for this fun-filled event and make cart reservations,



contact the Dalhart Country Club at 806.244.5597.

The event features cash prizes for winning teams, as well as golf drivers for the longest drives and putters for the longest putt and closest to the hole. Additionally, registration will include an evening meal.

Companies or individuals wishing to support the cause can contact the CPAT office for sponsorship opportunities.

Additional information on the Corn Cob Classic is available on the CPAT website, www.TexasCorn.org.

**According to FEC rules, corporate account contributions cannot be accepted. Texas Corn PAC contributions must be paid for with a personal check. Voluntary contributions may be accepted from any U.S. citizen. However, solicitation for contributions is limited to Corn Producers Association of Texas memberships.*

Gibson, continued from p. 2

Indemnity Board also passed that will allow the board to rewrite rules using re-insurance to build a lower-cost program to protect producers when grain buyers do not pay them for their crops. This doesn't occur often, but when it does it is devastating to the producers and local economies impacted. Currently, there is a situation with producers in South Texas with Bee AG that involves millions of dollars owed to grain producers; this is the second multi-

million dollar event in the past 6 years. These are the types of events where the indemnity fund would be very valuable to producers. Much more on this will come in a future newsletter.

On a national level, there are another host of issues potentially impacting the states corn farmers, from the Renewable Fuels Standard (RFS), to Waters of the U.S., to new rules pertaining to farm program participation with conservation compliance for insurance.

We need more producers to become actively engaged in our organization as we work on issues such as those mentioned above and in this newsletter. I encourage producers to participate in some of the upcoming training and education opportunities that are being offered by TCPB and CPAT. It is more important than ever that we have some well-informed producers to help as we answer these challenges.

For more information, contact our office or your local director of TCPB or CPAT.

Ethanol legislation, *continued*

only the corn market, but cotton, sorghum, and others.

This bill was directed to the House agriculture committee. Somewhat surprising to the industry, the committee held a hearing on the proposed legislation. Wesley Spurlock from Stratford, Texas, testified at the hearing on behalf of Corn Producers Association of Texas and the National Corn Growers Association. Though many in the agricultural industry testified against HB 1693 in the hearing, the committee members referenced numerous emails and calls they had received supporting the legislation.

Committee members asked many questions about ethanol and the Renewable Fuels Standard. Many of the questions posed were myths the renewable fuels industry faced decades ago that have been proven incorrect.

“Walking away from the committee hearing, it was evident that we have a tremendous education hurdle to overcome for ethanol in the Texas legislature,” CPAT Executive Vice President David Gibson said.

Fortunately, the committee chaired by Tracy King from

District 80 did not vote the bill out of committee so it did not advance this session.

Flex fuel fight

HB 3835 was relating to the use of certain alternative fuels by state agency motor vehicles. This bill would prohibit state agencies from purchasing or leasing flex fuel vehicles that are capable of using ethanol or ethanol/gasoline blends of 85 percent or greater. Perhaps most shocking, this legislation

would postpone until 2025 the requirement that at least 50 percent of state agency vehicle fleets (other than public safety vehicles) be alternative fuel vehicles – turning back the clock on the state’s commitment to renewable energy.

This bill progressed through the House Energy Resources Committee and on to the floor of the House of Representatives. On the floor, Chairman Tracy King raised a point of order against further consideration of the bill, which was sustained by the speaker, returning the bill to the Energy Resources Committee. At the

time of this writing the bill should not progress any further this session.

Looking ahead

This legislative session was perhaps a much-needed eye opener for the agricultural and renewable fuels industries. The battles fought by CPAT and others this session in defense of this important market – particularly for corn – are evidence that the industry needs to work to better educate legislators down the road. America’s corn farmers have continued to grow an ample supply to meet the industry’s existing demands, while providing the product necessary to produce the ethanol mandated by the RFS and maintaining a relatively consistent surplus.

“Working with legislators this session, it’s apparent that we as a farm organization need to be prepared for anti-ethanol legislation in future,” Gibson said. “We must work to ensure our state’s legislators better understand the renewable fuels industry and its invaluable tie to our industry and market.”

We must work to ensure our state’s legislators better understand the renewable fuels industry and its invaluable tie to our industry and market.
-David Gibson



Have you followed us on Twitter? @TexasCorn
We tweet on the latest corn and agricultural industry news daily!

ODDS *AND* ENDS



Accepting applicants for 2015 CPAT scholarships

The CPAT is proud to sponsor two scholarships for its youth members. CPAT will once again award one **\$1,000** scholarship in each of the following categories:

- High School junior or senior as of Jan. 1, 2015
- College undergraduate student as of Jan. 1, 2015

Applicants are eligible for the scholarship if they are a youth member of CPAT and attend/plan to attend a Texas college or university full time.

The application process is simple - just complete an essay on "what you believe is a pertinent issue/problem facing corn producers today and

ways the industry can overcome the challenge."

The deadline to submit applications is 5 p.m. Nov. 27, 2015.

Application details, form and further information is available at www.TexasCorn.org.

Educating youth on importance of irrigated agriculture

At the beginning of last month, Texas Corn Producers participated in the North Plains Groundwater Conservation District's Save the Planet Water Festivals in Dalhart, Dumas and Perryton.

This annual event, takes the opportunity to educate and engage each area's fourth graders on the importance of conserving water, and the important role water plays in the local community.

This year marked the tenth year for the event, which started in 2005 with one location in Dumas and just 450 students.

The STPW Festivals are fun-filled days of hands-on learning designed to train a new generation of "Water Rangers" who will protect and defend water resources everywhere. A record-breaking 949 students attended this year's three festivals. Students had the opportunity to attend seven different interactive presentations during the day capped-off by an exciting



Hallie Bertrand, TCP industry relations staff, helps educate Dumas student on the role corn plays in their daily lives.

Grand Finale - a conservation-themed magic show.

While the event may sound like it is all fun and games (which it certainly is), it is also a valuable opportunity to educate youth on the role corn plays in their own daily lives, as well as that of the community in which they live. Additionally, TCP helped the students understand

how farmers do their part to conserve our natural resources.

This was TCP's second year to participate in the event, and it proved beneficial once again.

Though these students are essentially in the heart of Texas corn country, it is important to help them understand the benefits and value of Texas agriculture.

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Jay Beckhusen, *Milam Co.*

Daniel Berglund, *Wharton Co.*

David Ford, *Hartley Co.*

Robert Gordon, *Dallam Co.*

Mark Howard, *Parmer Co.*

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Jimmy Wedel, *Bailey Co.*

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Taylor Bartek

Administrative Intern

Upcoming Events

It's crop tour season! Visit www.TexasCorn.org for the most up-to-date list of events.

July 15-16, 2015

NCGA Corn Congress
Washington, D.C.

Aug. 24-25, 2015

TCP Board Meetings
Lubbock, Texas

Aug. 15, 2015

Corn Cob Classic
Dalhart, Texas

Sept. 7-9, 2015

Advanced Training for
Agricultural Professionals
Fort Worth, Texas

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