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Cornhusker Economics

Nebraska Livestock Expansion Policies

Market Report	Year Ago	4 Wks Ago	8/5/16
Livestock and Products,			
Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	151.96	120.57	120.00
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	255.68	172.89	*
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	226.25	148.60	151.95
Choice Boxed Beef, 600-750 lb. Carcass.	234.84	209.33	198.71
Western Corn Belt Base Hog Price Carcass, Negotiated	74.11	76.77	63.46
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean.	88.33	89.01	77.10
Slaughter Lambs, woolled and shorn, 135-165 lb. National.	158.63	158.51	164.50
National Carcass Lamb Cutout FOB.	353.81	347.17	351.65
Crops,			
Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu.	4.36	3.19	2.96
Corn, No. 2, Yellow Nebraska City, bu.	3.55	3.23	3.00
Soybeans, No. 1, Yellow Nebraska City, bu.	9.93	10.13	9.40
Grain Sorghum, No.2, Yellow Dorchester, cwt.	6.21	5.09	4.54
Oats, No. 2, Heavy Minneapolis, Mn, bu.	2.71	2.58	2.36
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	178.00	165.00	163.75
Alfalfa, Large Rounds, Good Platte Valley, ton.	85.00	75.00	70.00
Grass Hay, Large Rounds, Good Nebraska, ton.	95.00	80.00	75.00
Dried Distillers Grains, 10% Moisture Nebraska Average.	135.50	137.50	120.00
Wet Distillers Grains, 65-70% Moisture Nebraska Average.	42.00	38.50	33.25
* No Market			

Livestock expansion in Nebraska is often contentious. Supporters of livestock expansion accomplished a major policy objective in the 2016 legislative session with the adoption of LB176 which authorizes swine processors to contract with producers to grow processor-owned hogs. In addition, the draft LB106 livestock site assessment zoning matrix was released this summer. This newsletter explores the possible impact of these developments for expanded livestock production in Nebraska.

Why do some groups support livestock expansion? Feeding livestock with crops you grow is perhaps the oldest and most traditional agricultural value-added strategy, and improves local demand for feedgrains. Adding a new livestock enterprise may generate sufficient income to allow a child to come back to the farm or ranch. Finally, livestock expansion (along with ethanol plants and wind energy farms) is a proven method for sustained rural development in Nebraska.

Why is livestock expansion sometimes controversial? Producers wishing to develop new livestock production facilities often must receive county zoning approval. This is the one part of the livestock development process where public participation is typically most active. Typical concerns are groundwater quality protection and moderating livestock waste odors. If the proposed livestock facility is large enough to require Nebraska Department of Environmental

Control environmental permitting, the likelihood for livestock waste to contaminate groundwater is relatively small. Livestock facility odors remain problematic but producers can deal with this through

- site design (don't put your livestock lagoon too close to neighbors or next to the road—out of sight is often out of mind),
- facility operation (filter livestock confinement air exhausts to reduce odors) and
- a consistent, energetic good neighbor policy (avoid antagonizing your neighbors, check with your neighbors before you apply manure to cropland, give neighbors meat product holiday gifts, etc.).

How could the new packer feeding bill affect livestock expansion? That remains to be seen. LB176 supporters have contended that giving swine processors the option to contract for pork production will make it more likely that processors will stay in Nebraska rather than relocate (when their facilities need to be replaced) to e.g. Iowa, where packer feeding is allowed. Nebraska swine processors improve the market for all Nebraska swine producers. Keeping the swine processors in Nebraska benefits the communities where plants are located, processing plant employees, and livestock producers. In addition, packers may choose to participate in county zoning proceedings for proposed contract operations—*if you approve this livestock facility, that will support continuing our swine processing operations . . .* That might tip the balance in favor of approval on livestock zoning decisions in counties near a swine processing facility.

How could the livestock zoning matrix affect livestock expansion? That also remains to be seen. The final matrix won't be available until August 30, 2016, and it will be up to counties whether or not they adopt the matrix. The proposed zoning matrix is a comprehensive tool for evaluating proposed livestock facilities. The matrix is a point system where proposed livestock operations are scored (say -5 to +5 points) for the items rated in the matrix. Matrix items include:

- environmental protection plans (required for DEQ environmental permit)
- separation distance from neighbors (the farther away the facility is from neighbors, the higher the score)

- zoning and environmental compliance record (points deducted for past violations)
- water quality protection (depth to groundwater, distance from streams or wells—the greater the distance the higher the score)
- odor and dust controls (filtering of air exhausts and anaerobic manure digesters receive a higher score, manure stock piles receive a lower score, etc.)
- manure application practices (more points awarded if manure is incorporated within two days of application, fewer points for sprinkler irrigation with livestock wastes, etc.)
- manure application buffer (give points for greater separation distance between manure application areas and neighbors, streams, natural drains; or give points for vegetative buffers to filter runoff from application areas)
- traffic (deduction for main entrance to livestock facility on a minimum maintenance road, and more points for cost-sharing with county on road maintenance, or establishing heavy vehicle route to avoid bridges with weight restrictions, etc.)
- manager residency (how close the manager lives to the facility—closer is more points)
- neighbor-community communications (points for communicating with all neighbors within a mile of the facility)
- economic impact (points for increased property value and number of jobs created)
- landscape and aesthetics (deduction for animal mortality visible from public road and for livestock housing or manure facilities being located too close to a road)

An applicant must have a passing score (70 points in the draft matrix) in order to receive zoning approval for the proposed livestock facility. More information regarding the livestock matrix is available at http://www.nda.nebraska.gov/promotion/livestock_matrix/index.html

The proposed livestock zoning matrix is a comprehensive checklist for evaluating proposed livestock facilities—the committee developing the matrix

worked hard and should be pleased with what they have accomplished. Livestock expansion proponents are likely to try persuading counties to adopt the zoning matrix or some variation thereof to provide more regulatory certainty for potential applicants. If a county adopts the livestock zoning matrix (or a modified matrix), this implies that the county will use the matrix to tell developers what it wants and what it doesn't want for new livestock facilities. If the county wants more effort given to reduce odors or to prevent groundwater contamination, the county can give more points to applicants who will do that, and take points away from applicants who will not. Counties that decide to adopt the matrix are free to first modify the matrix to their own policies and circumstances as they see fit, or not adopt the matrix at all.

The matrix could become a valuable tool for guiding the development of future livestock facilities to be just what the county wants them to be. If this potential is realized, the livestock zoning matrix could become a major step forward in making the Nebraska livestock zoning process more transparent, fair and predictable.

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