

Overview

Nationally, the final provisions of the current farm bill and potential actions taken to encourage trade will affect agriculture in the coming years. In Utah, personal income from farming has improved in the last few years. This trend is likely to continue in 2000 and 2001 at a modest rate. Locally, receipts from the sale of cattle/calves and dairy products have represented more than 50% of the total agricultural receipts in Utah. This trend is also expected to continue in the future.

National Point of View. The role of government policy can not be ignored when considering agriculture. Congress is currently debating the provisions of a new farm bill. There seems to be little doubt that a major thrust will be the removal of land from crop production through programs such as the Conservation Reserve Program (CRP) that are also designed to achieve environmentally oriented objectives. Other provisions are less certain but it is likely that some effort will be made to reduce the payments obtained by large operations. Loan deficiency payments, market loan gains and supplemental payments have increased since 1996 and have offset decreases in cash receipts obtained by grain and cotton farmers. The final provisions of the current farm bill, actions taken at the federal level to "jump start" the economy, and world affairs will affect agriculture in the coming year(s). Actions taken to encourage trade will be especially important because agriculture is increasingly affected by world markets.

The 1996 farm bill was referred to as that "freedom to farm" bill because it removed restrictions concerning what crops could be grown. This change in policy coupled with high prices and favorable weather conditions led to large increases in the production of grain from 1996 to 2001. As a result, grain and oil crop prices fell to levels that were at or near all time lows (inflation adjusted). These low prices had a positive impact on the returns obtained by livestock producers because feed costs commonly represent more than 50% of the cost of producing most animal products. In addition, the current price of cattle is high which has led to high profits in this sector. As a result, the value of crop production in 2000 declined \$20.2 billion from 1996 while the value of livestock production increased \$ 7.2 billion. These changes illustrate the differences that exist in the net returns obtained by the various agriculture sectors.

Many sectors in the American economy are being hurt by the current recession. The same cannot be said for agriculture. Forecasts provided by USDA's Economic Research Service indicate that net cash farm income in 2001 is expected to be up \$3.3 billion from 2000 and net farm income from an accrual point of view is expected to be up \$3.0 billion. The projected \$60.8 billion in net cash farm income will likely be slightly above the previous all time high that occurred in 1993 and suggests that agriculture is generally healthy. This general health is not, however, shared equally by all sectors nor is it equally distributed throughout the nation.

State Perspective. Net farm income in Utah fell from 1994 to 1996 when grain prices rose and the price of most livestock prices fell. This was followed by a period of increased income as these prices reversed. There was some decline in 2000 but, this decline occurred primarily as a result of milk prices that were lower than had been experienced in more than a decade. Milk prices improved dramatically throughout most of 2001. This, coupled with relatively high prices for most livestock products, will probably result in higher net farm income in 2001. But, it is

unlikely that net farm income will be as high the peak (\$321 million) that occurred in 1993. Personal income from farming in Utah improved from \$198 million in 1998 to \$258 million in 1999. This trend is likely to continue in 2000 and 2001 though the increase may be smaller. The rate of increase will likely be largest in Utah's most rural counties that are generally dominated by the production of cattle and calves (e.g., Rich, Piute, Daggett, Wayne) and where increases in personal income from farming have recently grown faster than has personal income in other sectors in these rural counties.

Regional/Sector Point of View. Receipts from the sale of cattle/calves and dairy products have historically represented more than 50% of the total agricultural receipts in Utah. This dominance is expected to continue in the future. Some fairly dramatic changes in the relative importance of other agricultural sectors in Utah occurred during the decade of the 1990s. For example, receipts from the production of sheep/lambs/wool, grain, and other crops declined while the production of hogs increased more than 10 fold since 1995. The greenhouse/nursery industry has also grown relative to most other sectors. The growth and decline of specific sectors has affected some areas of the state to a greater degree than other areas because the production of some agricultural products is centered in some areas of the state. As a result, any discussion of a particular sector of Utah agriculture is generally synonymous a particular region of the state. For example, hog production in Utah is almost exclusively in Beaver County while turkey production is centered in Sanpete County. The major exceptions are the production of hay and cattle/calves that occurs in every county of the state.

Circle Four farms in Beaver County has become the largest hog operation in the state and one of the largest operations in the nation. The importance of this industry in Utah is illustrated by the fact that Beaver County became the leading agriculture production county in the state in 2000 as measured by the value of cash receipts. Beaver County also has the highest percentage of cash receipts coming from the production of livestock products. These trends will likely continue because this large integrated operation is expected to grow.

Dairy production is centered in six counties Cache, Box Elder, Weber, Utah, Millard and Sanpete. The largest number of producers are in Cache County but the largest increases in production during the last decade have occurred in Millard and Sanpete Counties. The growth in these two counties has been very different, however. Several large dairies have moved into Millard County while essentially all of the growth in Sanpete County has occurred as a result of existing dairies that have become larger. The growth in these counties has occurred at the same time that dairy production in other counties declined. For example, the last major dairy operation in Salt Lake County moved to Juab County in 2001.

The production of sheep, lambs and wool has declined in Utah for several years. This sector has been particularly important in Sanpete and Box Elder Counties. While sheep production in Utah has declined it has not declined as rapidly as it has in other states. As a result, Utah currently ranks fourth nationally in production of sheep/lambs/wool.

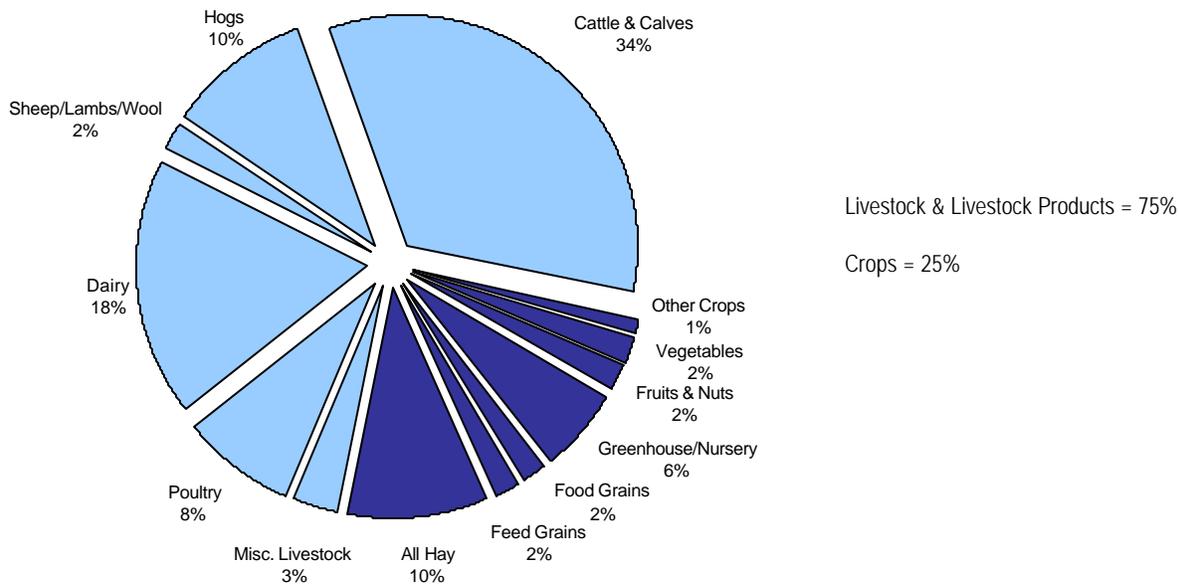
The importance of Utah production from a national point of view is not unique to the production of sheep, wool and lambs. Utah (if the producers in Franklin County, Idaho are included) leads the nation in the

production of milk. Utah also ranks third nationally in the production of apricots, second in the production of sour cherries, and fourteenth in the production of hay.

Poultry production in Utah has experienced some rather important changes in the last two to three years. Turkey production in Utah has been centered in Sanpete County for more than 50 years and has historically focused on production for the holiday season. However, an increasing number of producers in the county are now able to produce throughout the year; turkey is not just for thanksgiving anymore. Utah has also seen an increase in the production of eggs. These relatively large producers are primarily in Cache Valley, the Salt Lake/Tooele County area and in Millard County. For example, Delta Egg ships approximately 1.2 million eggs a day from their operation and this operation is expected to double in size in the next two to three years.

Livestock production is the dominant sector in most Utah counties. The major exceptions are near the Wasatch Front where the production of vegetables, fruit and greenhouse/nursery products is important. Agricultural production in these counties is increasingly oriented toward serving nearby urban consumers. Firms that process and distribute products produced in Utah are also primarily located in these counties.

Figure 45
Percentage of Agricultural Cash Receipts by Sector in Utah: 2000



Source: Utah Agricultural Statistics

Figure 46
Farm Assets and Equity in Utah

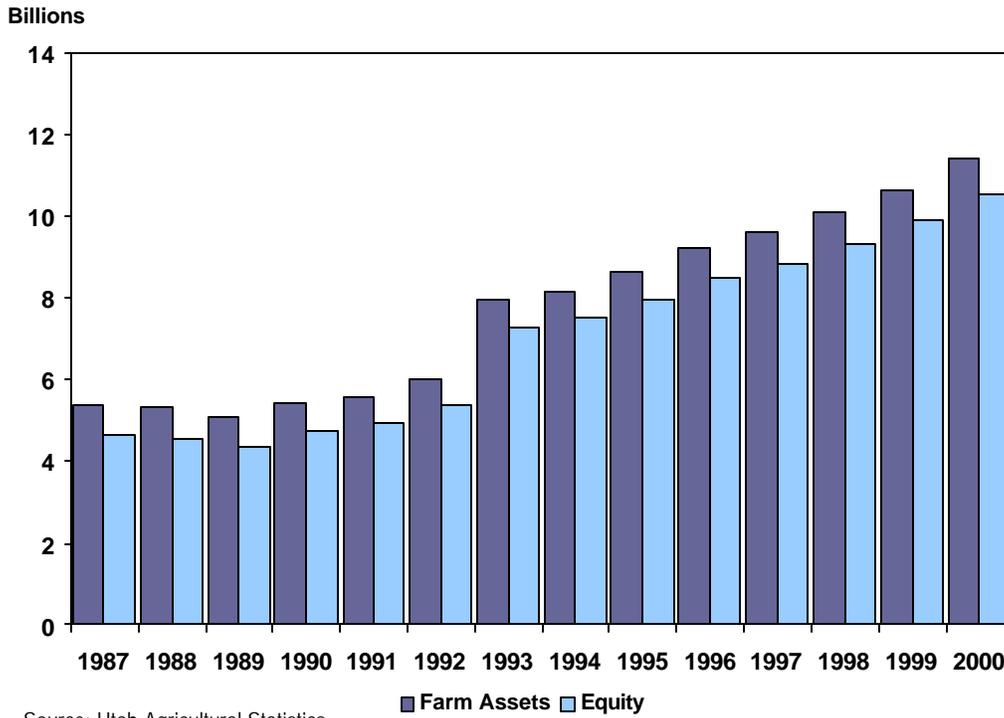


Figure 47
Net Farm Income in Utah

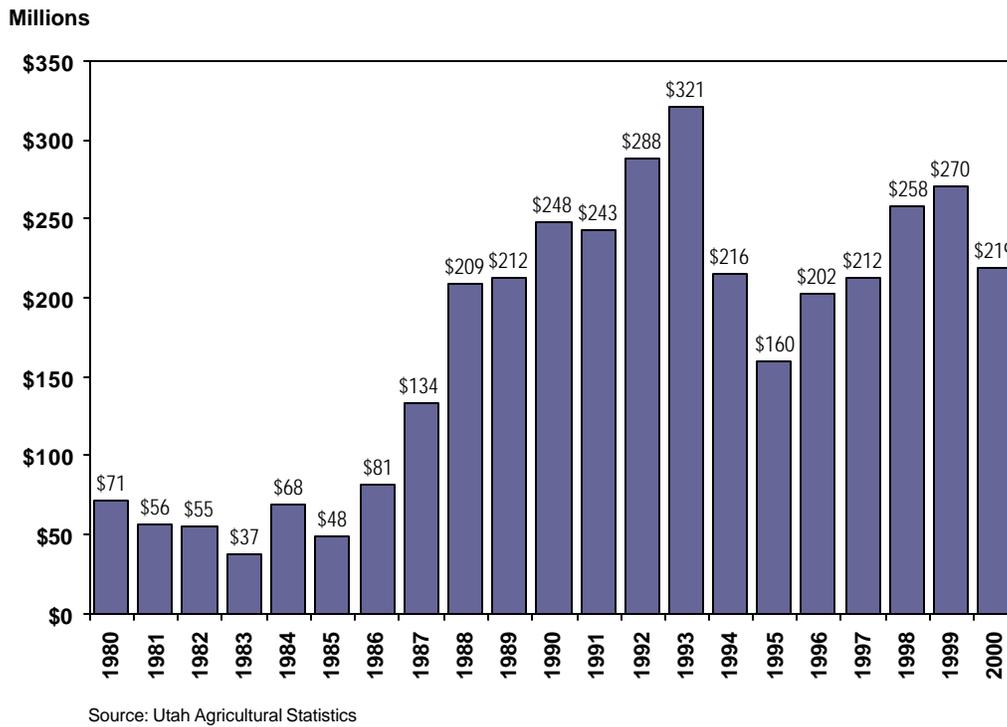
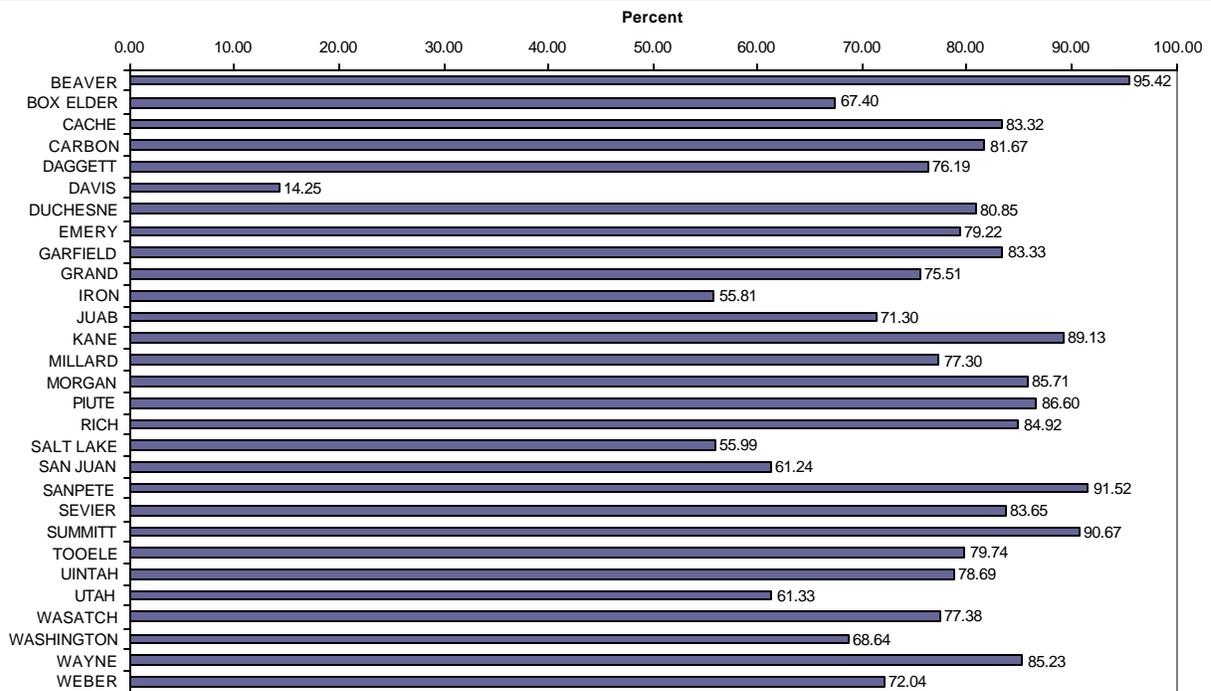
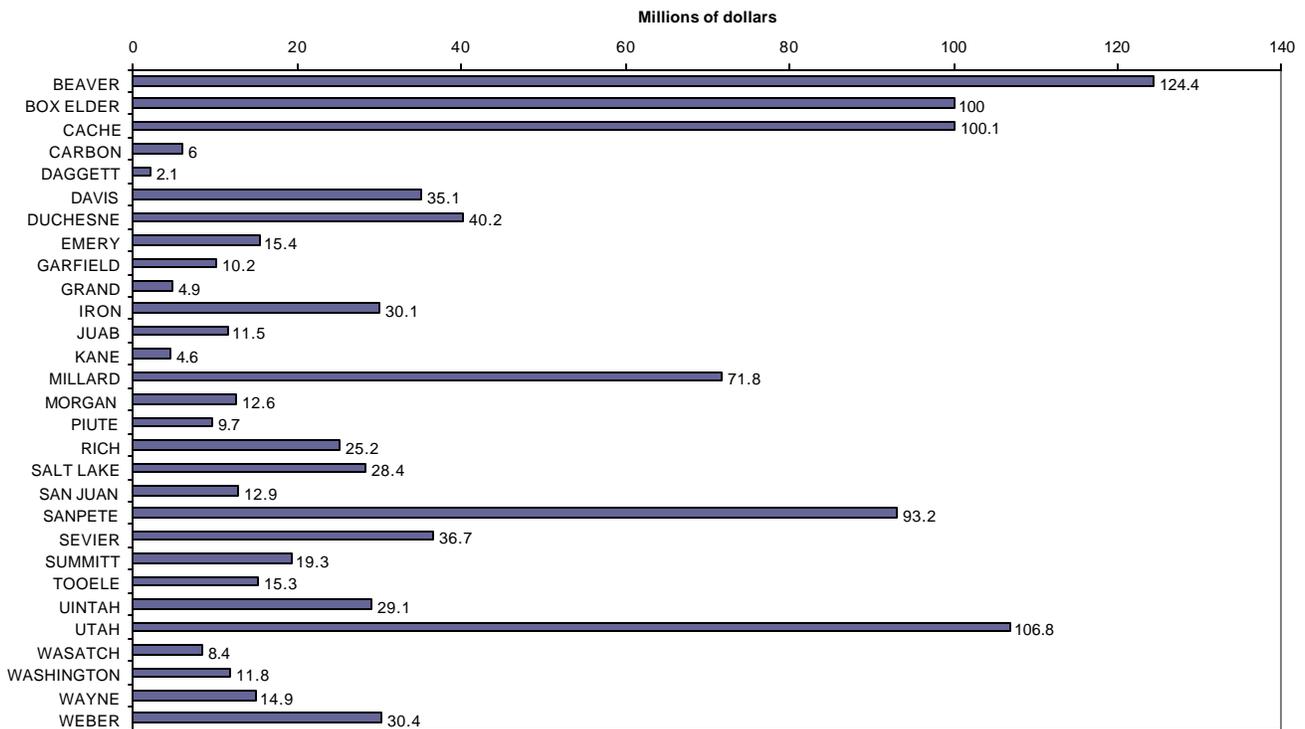


Figure 48
Livestock Products as a Percentage of Total Cash Receipts by County in Utah: 2000



Source: Utah Agricultural Statistics

Figure 49
Farm Cash Receipts by County in Utah: 2000



Source: Utah Agricultural Statistics

Farm Balance Sheet for Utah (Millions of Dollars)

Category	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Assets	5,296.3	5,063.0	5,406.3	5,585.4	6,038.1	7,941.7	8,164.2	8,638.9	9,210.3	9,634.2	10,364.7	10,653.4	11,436.5
Real Estate	4,112.7	3,881.0	4,160.1	4,433.6	4,841.2	6,706.5	6,956.3	7,250.2	7,776.2	8,045.3	8,523.9	8,972.5	9,720.2
Livestock and Poultry	536.5	572.0	582.7	566.3	637.9	626.9	626.4	511.0	553.4	625.3	583.7	684.2	745.3
Machinery & Motor Vehicles	428.7	444.6	440.5	441.0	430.3	461.0	471.3	495.0	499.2	551.3	552.2	584.2	588.1
Crops	123.5	94.9	114.6	95.2	90.3	117.7	114.7	101.2	121.0	150.9	147.8	126.0	127.3
Purchased inputs	12.2	12.4	15.5	17.5	27.2	29.3	36.4	22.7	24.5	28.7	29.5	22.6	27.5
Financial	82.7	58.1	92.9	31.8	11.2	0.3	-40.9	258.8	236.0	232.7	527.6	263.9	228.1
Claims	743.0	683.1	661.9	660.8	653.7	650.4	668.6	688.2	709.5	766.9	786.6	787.1	884.8
Real estate debt	428.2	390.3	372.7	355.8	352.9	340.4	339.4	348.1	350.9	372.7	375.7	376.0	456.7
Non real estate debt	314.8	292.8	289.2	305.0	300.8	310.0	329.2	340.1	358.6	394.2	410.9	411.1	428.1
Equity	4,553.3	4,379.9	4,744.4	4,924.6	5,384.4	7,291.3	7,495.6	7,950.7	8,500.8	8,867.3	9,578.1	9,866.3	10,551.7
Debt/ Equity	16.3	15.6	14.0	13.4	12.1	8.9	8.9	8.7	8.3	8.6	8.2	8.0	8.4

Source: Utah Agricultural Statistics

Table 64
Percent of Agricultural Receipts by Sector

	1980	1985	1990	1995	1996	1997	1998	1999	2000
Cattle	30.0	28.3	37.7	31.8	27.5	33.2	31.0	32.8	34.5
Sheep	4.3	4.5	2.1	2.9	3.1	2.1	2.1	2.1	2.1
Hogs	1.0	0.5	0.7	0.7	1.8	4.0	5.0	5.7	9.7
Dairy	24.3	25.1	21.8	22.1	24.7	20.4	23.6	23.2	18.4
Poultry/eggs	8.4	11.7	9.5	8.4	8.2	7.7	7.2	7.7	8.0
Other livestock	5.2	4.6	4.5	6.2	7.7	4.7	4.7	3.0	3.3
Food grains	5.8	4.9	2.5	3.9	4.2	3.1	2.6	2.3	1.9
Feed grains	2.6	3.1	2.0	3.1	3.5	2.4	2.0	1.8	1.6
Hay	8.0	6.6	9.1	10.3	8.7	11.8	10.8	10.4	9.7
Vegetables	2.8	3.1	4.1	2.8	2.5	2.5	2.5	2.1	2.1
Fruits/Nuts	2.9	3.6	1.5	1.1	1.7	1.4	1.5	1.0	1.8
Greenhouse/Nursery	2.5	2.6	3.3	4.9	4.7	5.3	5.9	6.6	5.9
Other crops	2.2	1.4	1.2	1.8	1.7	1.4	1.1	1.3	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Utah Agricultural Statistics

Cash Receipts by Source in Utah Counties (Millions of Dollars)

County	1990			1992			1994			1996			1998			2000		
	Livestock	Crops	Total															
Beaver	17.1	3.9	21.0	17.8	2.8	20.6	18.5	4.3	22.8	24.7	4.3	29.0	63.3	5.8	69.1	118.7	5.7	124.4
Box Elder	47.3	26.4	73.7	46.0	30.5	76.5	49.6	35.4	85.0	55.8	39.4	95.2	61.9	37.3	99.2	67.4	32.6	100.0
Cache	78.6	13.4	92.0	80.0	13.7	93.7	83.1	17.4	100.5	86.2	22.1	108.3	93.2	17.8	111.0	83.4	16.7	100.1
Carbon	4.3	0.6	4.9	3.5	0.5	4.0	4.0	0.7	4.7	4.2	0.8	5.0	4.8	1.1	5.9	4.9	1.1	6.0
Daggett	1.7	0.2	1.9	1.0	0.3	1.3	1.0	0.5	1.5	0.9	0.4	1.3	1.9	0.6	2.5	1.6	0.5	2.1
Davis	12.4	22.4	34.8	11.8	29.7	41.5	12.6	25.8	38.4	14.5	22.2	36.7	9.8	29.1	38.9	5.0	30.1	35.1
Duchesne	26.0	4.4	30.4	25.3	3.5	28.8	26.7	6.3	33.0	29.5	6.5	36.0	30.1	8.0	38.1	32.5	7.7	40.2
Emery	10.6	2.0	12.6	10.8	1.5	12.3	10.4	2.3	12.7	11.0	2.0	13.0	11.8	3.4	15.2	12.2	3.2	15.4
Garfield	7.7	1.2	8.9	7.0	0.9	7.9	6.5	1.4	7.9	7.0	1.2	8.2	8.3	1.8	10.1	8.5	1.7	10.2
Grand	2.1	0.6	2.7	1.6	0.7	2.3	1.6	0.8	2.4	1.5	0.5	2.0	6.2	1.1	7.3	3.7	1.2	4.9
Iron	12.1	9.7	21.8	10.5	10.5	21.0	11.5	12.5	24.0	12.1	10.8	22.9	17.8	12.8	30.6	16.8	13.3	30.1
Juab	5.3	2.9	8.2	5.1	2.7	7.8	5.4	3.9	9.3	5.1	4.6	9.7	10.8	4.0	14.8	8.2	3.3	11.5
Kane	4.0	0.4	4.4	3.7	0.4	4.1	4.3	0.6	4.9	3.9	0.5	4.4	4.3	0.5	4.8	4.1	0.5	4.6
Millard	27.8	21.5	49.3	24.4	16.5	40.9	24.5	21.0	45.5	35.8	24.2	60.0	49.9	22.2	72.1	55.5	16.3	71.8
Morgan	11.5	1.3	12.8	10.9	1.0	11.9	10.5	1.4	11.9	12.3	1.7	14.0	13.1	1.9	15.0	10.8	1.8	12.6
Piute	7.0	1.0	8.0	6.4	0.9	7.3	7.7	1.2	8.9	8.2	1.1	9.3	9.3	1.6	10.9	8.4	1.3	9.7
Rich	17.1	1.7	18.8	16.7	2.2	18.9	16.4	4.0	20.4	16.6	3.6	20.2	19.7	4.4	24.1	21.4	3.8	25.2
Salt Lake	23.1	9.0	32.1	24.6	13.7	38.3	33.0	13.0	46.0	37.9	11.8	49.7	17.5	11.2	28.7	15.9	12.5	28.4
San Juan	8.1	1.6	9.7	7.0	2.7	9.7	9.5	3.5	13.0	7.8	2.0	9.8	9.0	7.1	16.1	7.9	5.0	12.9
Sanpete	75.7	4.7	80.4	70.7	3.8	74.5	70.2	6.5	76.7	74.3	6.7	81.0	77.3	9.2	86.5	85.3	7.9	93.2
Sevier	24.1	4.2	28.3	25.4	3.2	28.6	30.5	5.0	35.5	31.0	5.4	36.4	26.7	5.9	32.6	30.7	6.0	36.7
Summit	15.6	0.9	16.5	13.5	0.9	14.4	15.1	1.4	16.5	14.5	1.2	15.7	19.6	2.0	21.6	17.5	1.8	19.3
Tooele	8.7	2.9	11.6	7.4	3.0	10.4	7.5	3.4	10.9	8.2	3.7	11.9	10.5	3.1	13.6	12.2	3.1	15.3
Uintah	20.2	3.9	24.1	19.2	3.2	22.4	21.2	4.3	25.5	17.3	4.9	22.2	25.0	6.8	31.8	22.9	6.2	29.1
Utah	56.5	22.5	79.0	58.7	32.0	90.7	61.6	29.2	90.8	70.2	30.8	101.0	74.6	30.5	105.1	65.5	41.3	106.8
Wasatch	9.9	1.3	11.2	9.5	1.3	10.8	9.0	1.5	10.5	9.4	1.6	11.0	8.4	1.6	10.0	6.5	1.9	8.4
Washington	7.6	6.0	13.6	6.9	4.3	11.2	7.7	4.8	12.5	6.9	4.0	10.9	9.5	4.0	13.5	8.1	3.7	11.8
Wayne	8.6	1.5	10.1	8.7	1.2	9.9	8.0	1.5	9.5	11.0	1.8	12.8	12.5	2.1	14.6	12.7	2.2	14.9
Weber	25.4	6.6	32.0	23.8	7.3	31.1	30.0	7.7	37.7	28.3	7.2	35.5	29.3	7.9	37.2	21.9	8.5	30.4
Total	576.1	178.7	754.8	557.9	194.9	752.8	597.6	221.3	818.9	646.1	227.0	873.1	736.1	244.8	980.9	770.2	240.9	1,011.1

Source: Utah Agricultural Statistics

Table 66
Personal Income from Farming by County (Thousands of Dollars)

County	1970	1975	1980	1984	1990	1992	1997	1998	1999
Beaver	1,360	776	1,365	1,052	11,295	9,297	11,225	12,723	23,735
Box Elder	10,178	11,117	12,101	6,523	30,739	26,769	28,089	30,511	27,915
Cache	9,007	10,343	15,569	9,132	29,493	31,862	21,955	27,139	36,402
Carbon	275	181	771	772	2,670	964	-2,777	6	-1,926
Daggett	83	370	636	346	684	710	-97	-151	-113
Davis	2,576	2,941	7,499	3,137	16,060	26,746	8,763	9,713	9,577
Duchesne	1,617	1,697	3,340	1,830	14,445	11,724	2,930	2,609	1,456
Emery	678	180	432	583	6,840	3,663	1,850	1,817	751
Garfield	346	498	949	1,421	5,231	3,320	-322	-485	-452
Grand	-2	325	744	321	782	493	82	30	288
Iron	3,135	1,261	1,283	2,075	12,864	7,545	11,254	10,193	15,996
Juab	682	492	328	558	4,587	3,959	295	-187	4,770
Kane	320	132	382	431	1,913	510	702	585	778
Millard	2,536	5,665	8,153	8,117	16,592	17,010	13,784	15,326	25,324
Morgan	1,728	1,910	2,053	2,255	4,741	3,010	5,106	5,847	7,747
Piute	520	760	1,239	1,031	3,050	1,802	2,414	2,873	4,217
Rich	1,980	852	1,217	1,239	6,886	9,158	2,640	2,176	4,564
Salt Lake	6,746	7,152	11,474	3,921	12,477	12,978	2,911	3,528	2,684
San Juan	1,903	1,686	2,048	3,014	5,902	2,291	1,457	1,178	3,010
Sanpete	5,615	3,838	2,139	6,719	19,998	22,014	13,093	16,975	20,064
Sevier	3,138	2,193	3,829	9,068	10,583	18,250	11,668	12,809	7,731
Summit	2,471	2,001	3,498	2,624	9,074	2,722	4,602	5,390	14,633
Tooele	563	1,434	2,152	1,946	6,262	1,818	1,985	1,927	2,064
Uintah	1,631	813	3,190	4,774	12,900	6,615	2,229	1,399	4,366
Utah	9,806	8,869	8,620	8,067	23,743	20,412	19,744	22,673	30,506
Wasatch	1,282	956	1,486	1,247	4,226	2,264	2,226	2,539	2,186
Washington	2,214	1,890	3,031	2,002	4,819	2,051	-582	-736	73
Wayne	446	303	917	485	3,241	4,410	2,791	3,385	5,119
Weber	4,677	2,302	4,261	2,579	10,762	14,002	1,800	4,220	4,650
State	77,511	72,937	104,706	87,269	292,859	268,369	171,817	196,012	258,115

Source: Bureau of Economic Analysis