



Lexington, Kentucky 40546-0091

BLUEGRASS FARM ANALYSIS GROUP, INC. AREA FARM MANAGEMENT NEWSLETTER

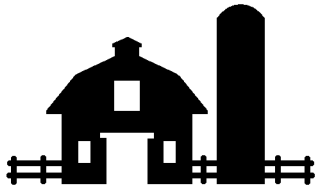
Vol. 4, No. 1 June 18, 2003

P.O. Box 1211, Versailles, Kentucky 40383

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**University of Kentucky,
 College of Agriculture,
 Department of Agricultural
 Economics,
 Kentucky Farm Business
 Management, and
 Bluegrass Farm Analysis Group, Inc.
 cooperating**



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On your Farm!

Most of you should have seen me on the farm this year at least once by now. I will begin some summer visits in June and will complete the majority in July. Should you have a particular date in mind and would like to get that on my calendar please contact our office and give us a date and time.

Please keep in mind that I would like to spend the majority of the summer visit out on your farm. It is important for me to see your farm and listen to you describe the happenings to date so I can become more aware of the things that are not always visible or obvious in the financial reports.

Preparing for Summer Visits

If you are one who sends your checks in to be processed please get them into the office as soon as you can. The check-in process is made a lot easier if we stay up to date on check coding. Please be aware of our board-approved policy regarding late submission of monthly bank statements.

In review, our policy is that January, February and March bank statements must be submitted to our office by June 1st of the year. Likewise, April, May and June bank statements must be submitted by September 1st of the year. Again, July, August, and September bank statements must be submitted by December 1st of the year. Finally, October, November, and December checks must be submitted at least two weeks prior to your check in date.

You will be assessed a \$25/month late fee for each month that each month is submitted late. For example if January, February and March are submitted after August 1st, you will be charged \$ 225.00. (\$25/month x 3 months of checks x 3 months late).

Realize that just because you haven't received your December Bank Statement, that doesn't preclude you from submitting a list of outstanding checks and deposits. All you need to do is submit a list, with codes and descriptions of all outstanding checks and deposits since the prior bank statement. We encourage early check in and we hope to be checking in on

January 2nd, 2004.

If any of you have sent your checks in already, please review the reports that you get back. In most cases I have made notes and asked questions about the reports. Please have the questions answered as soon as you can.

Also please have your record books handy. Ideally, you should have most of your planted acres recorded. However, I realize that with the rain many acres are still not planted. Should you need any additional pages or have any questions, please call the office.

Welcome New Cooperator!

Bluegrass Farm Analysis Group, Inc. would like to welcome the following new member:

Harrison:

A Special thanks goes out to Gary Carter, Harrison County Extension Agent for Agriculture and Natural Resources, whose hard work and extra effort afforded a grant to assist with cost of new cooperators' dues.

Jane Thomas

If you know of anyone who may be interested in the services of Bluegrass Farm Analysis Group, Inc. please give me their name and number and I will follow up with them. Grant money (\$10,000) is available for new members in Shelby County. Also, money is available for new members in Woodford County. Testimonials are the best sales piece and if you have one to share, please do so. Thank you for your years of service and your assistance in keeping this program strong.

KFBM Futuring Committee Update

Many of you have been calling the office regarding the latest correspondence that you have received regarding the KFBM Futuring Committee Meetings. The first of the three meetings took place June 5th, 2003 in Madisonville, KY. An estimated 40 farmers showed up to voice their input on the charge put forth to the Committee by Dr. Larry Turner. Seven of the nine Area Extension Specialists in Farm Business Management were on hand as well as seven County Extension Agents and three representatives from area lending institutions.

All parties voiced their opinions and gave some valuable constructive criticism to the Committee. What follows is my personal reaction to the meeting both as a committee member as well as a representative of one of the "partner" groups.

KFBM Futuring Committee – Madisonville, KY June 5th, 2003

Reaction by Colby A. Blair

1. How well is the KFBM program meeting the needs of the four partners?
2. How can we meet the needs of all partners within current and expected budget constraints and have an appropriate cost share?
3. How should the new Program Coordinator position be structured?
4. What is the optimal balance between the program's service mission to farmer-members and its research and educational mission within the College?

Farmers –

1. It is an invaluable asset to the farmer, definitely meeting the needs. Highly qualified and credible specialists make the program extremely attractive. KFBM program evidently not always meeting the needs of the specialists as the specialists are constantly being pulled away from the service mission to the farmer especially in critical times (State Extension Conference). Apparently not meeting the needs of UK or the AEC faculty but the farmer doesn't understand why not. Cost figures (w/25% adjustment) appear to be 50/50, farmers don't recognize any faculty outside of Steve Riggins so maybe faculty should become more involved with the KFBM program and get out on Kentucky soil with Kentucky farms. UK approached farmers 40 years ago requesting the information, the farmers not only gave (and continue to give) the information but they also pay 50% of the costs and yet the ball is dropped in Lexington. The corn gets planted but UK fails to fertilize it ☹
2. Requested cost share is there so that should not be an issue. During tight times, good management can prevail. The program requires continued support and is, if anything, underutilized.
3. Any way that can allow the specialists to focus more on carrying out the service to the farmer member. University, not the farmer, should fund it as this would show support and value for the efforts put forth by the farmer.
4. Not clear; maybe the program is 100% service via the specialist but the balance comes about by picking up the data and doing something with it. Should the department have a person whose sole responsibility is to carry out the research and educational mission? Maybe this gets answered with the coordinator position?

Specialists –

1. Farmer's needs are being met but growth of needs are exceeding growth of time available to allocate to serve those needs as requests for general extension mount. Specialist's needs are not being met. Wearing the hats of service provider/consultant to the farmers, local farm analysis office CEO, and general extension educator is depressing the morale of the employee. Focus is needed in able to accomplish the mission at hand. Maybe the use of paraprofessional

help should be explored. Some specialists are data-crunchers and others are program/meetings enthusiasts. Maybe some focus should be put upon better use of certain specialists' abilities. Not sure why UK and AEC faculty don't feel needs are being met. Should the specialist be required to collect, sort, certify, distribute and teach the data? At what point does the University and AEC faculty take the data and run with it (i.e. – Kansas, Illinois)?

2. Requested cost share appears to be there. May still be some to learn from more efficient offices (Pennyrile/Bluegrass)?
3. Proposal put forth by Rick Costin (see below) deserves to be considered. Maybe a possibility as a pilot program in the Eastern Part of the state?
4. Need a competent leader that the specialist peer group can respect. May even need two people. One to handle the data coordination and management and one to handle the public relations work. One person can't meet the current job description. Coordinator/Asst. Coordinator idea may need to be explored.
5. If the optimal balance is 50/50, 25/75, whatever, UK needs a person other than the specialists to begin to carry out some of the research and educational mission or begin to relieve some specialists of their current duties and allow them to carry out this portion of the mission. Sooner or later some effort needs to come, both from the AEC department and the KFBM area extension specialists, in a loud and proud way that breaks down the communication barrier that seems to exist between the faculty and the specialists.

Rick Costin Proposal

The Kentucky Cooperative Extension Service's Farm Analysis Program is recognized as providing outstanding service and benefits to farmers who participate directly through maintenance of detailed business records and use of business analysis in their decision-making processes. The organization of associations also directly benefits non-participating farmers, agribusiness leaders, lenders, the University students, faculty, and County Extension Agents. It should also provide policymakers with accurate and timely data as they make decisions affecting Kentucky's agricultural industry.

Vision:

Provide relevant business management information and improve the skills of Kentucky's farmers, through in-depth assistance for paying cooperators and general education efforts directed toward all producers and sector participants.

Purpose:

- Teach cooperators the skills required to maintain, understand, and utilize business records.
- Provide timely and accurate data and analyses of their businesses, which is relevant for effective

decision-making and sharing data with other interested parties.

- Educate all producers and sector participants about business management topics through training meetings and mass media.
- Provide a framework for evaluating farm decision-making to Kentucky farmers.
- Provide cost and return data, including budgets, for Kentucky farms and enterprises.

What this program is not:

- A tax preparation service.
- A source of advice to encourage fraud.
- A mediation service for farmers and lenders.
- A consultant or attorney.

Possible real reasons that researchers don't use Kentucky Farm Business Management data:

- Some hypothesis might not be as expected.
- They might have to do some "extra work" to extract data.
- They might learn the real facts pertaining to Kentucky agriculture and realize theory doesn't work in the real world.
- They're not interested in doing Kentucky based research.

Program Proposal

1. Each specialist works with 25 cooperators that have good useable records for a total of 225-250 records for a data set.
2. February 10th of each year, records are finalized for the preceding year and mailed to cooperators. Not only do cooperators get timely information but also pertinent information is sent to County Extension Agents, University personnel, lenders, decision makers, and all other interested parties. The benefit of timely and real information will magnify the usefulness of the program many times over. As it stands now, the individual farmer that receives his own information by March 1 sees a benefit. (Other potential users view the data as old and the program as antiquated.)
3. A time frame of 5-7 years for any one farmer to be enrolled on the program and then he is graduated off and a new farmer takes his place. Farmers will be on a waiting list to become a cooperator.
4. Farmers will get a great education and product and will be willing to pay for it. For example \$1000 X 25 = \$25,000 all sent to the University. The University then pays all expenses. This will relieve each association/specialist of the financial duties.
5. Specialists will use the remainder of their time (approximately 60%) doing general Extension education. Under the new re-envisioning of Extension, Area Farm Management Specialists should play a big role in programs and training. Budgets, Extension fact sheets, publications,

newsletters, media, etc., should be a part of the Specialists' Extension work. Area specialists could do much more in "coordinating, facilitating, leading" department programs, i.e., tax schools, FSA trainings, leadership programs, APES, etc. This would allow major dollar savings and allow faculty to use their intellect and education in other areas.

6. The coordinator should have 25 members and use the remainder of his time (60%) to coordinate the KFBM program. Major responsibilities for the coordinator should be training specialists, promoting the program, and general management of the specialists/program. Data coordination, publications, etc., would be done by specialists in their general extension responsibilities.

Bottom Line

Kentucky Agriculture is fortunate to have the KFBM program but specialist talents and KFBM data have been underused as well as misused for many years. The program under the right direction could be the bright star in the College of Agriculture helping Kentucky farmers and Agriculture to prosper and grow, rather than being the whipping dog it has become.

Agents –

1. Farmers' needs are being met. Agents' needs are being met. When specialists are asked to do meetings they have always given more than requested or expected. Many agents may not be aware of the program. Nothing about KFBM is ever mentioned during 4-8 days of new agent "core" training.
2. No comment?
3. No comment?
4. No comment?

Lenders –

1. Farmers' needs are being met. Very visible program to the lenders. Invaluable service that makes the lenders' job much easier. KFBM farm records are highly credible and UK is viewed as a great ambassador to provide the KFBM program.
2. Bank sponsorship may be an avenue to pursue.
3. No comment?
4. No comment?

Other comments –

Don't cut the program!

Focus on the farmers nearly 100% especially during the November-March time frame. University stands to lose a great ambassador to the folks "on the ground" if KFBM is not around.

Real data provided by real farmers who rely heavily on their farm management specialist. KFBM needs to be modernized to address the diversified farm situation and it may ease the usability problem that seems to exist.

Is the educational mission that exists within the program's service mission getting lost in the picture?

Colby attends 2003 NAFBAS Conference

The 31st Annual NAFBAS (National Association of Farm Business Analysis Specialists) Conference was held June 9th – 12th, 2003 in Duluth, MN. Seventy-five specialists from eleven states attended.

Conference participants were welcomed by Jim Christensen, NAFBAS President, from Minnesota, and Dr. Vernon Eidman, Head of the Department of Applied Economics at the University of Minnesota. Andrew Biebl, a Certified Public Accountant with Biebl, Ranweiler, Christiansen, Meyer, Thompson and Co. from New Ulm, MN, led the focus of the first educational session. Biebl discussed the key developments and effects for farmers for the "2003 Tax Act" recently passed by Congress. He also presented a thorough discussion on "Tax Planning Strategies for Retiring Farmers".

Dale Nordquist, Associate Director of the Center for Farm Financial Management (CFFM), University of Minnesota, presented the topic "New Tools for Bench-Marking" in a discussion of how specialists can use farm record data to develop standards for farms to be compared and rated for financial risk.

Dr. Val Farmer, a noted psychologist and columnist from Fargo, ND, provided insight on how specialists can deal with the concerns of "Multi-Family Operations – How Relationships Interfere with Business Decisions". Dr. Farmer discussed his case studies and his experience in working with farm families that were dealing with communication problems and stressful relationships.

A panel led by Erlin Weiness, retired specialist from SW Minnesota Farm Business Management Association, discussed a host of concerns that all specialists are facing in light of budget cutbacks and client workloads.

Farm Bill Tool was a Success!

Dr. Gregg Ibendahl was instrumental in making a spreadsheet available for specialists, agents and farmers that could be utilized as a decision making tool with regards to the 2002 Farm Bill signup. While the final analysis is not complete, preliminary results show that UK Cooperative Extension Service personnel helped farmers make a decision on 2,788 farm units. Indications are that 490,786 of Kentucky's 2,801,250 crop acres, 17.5% were input into the database.

The following table summarizes the preliminary estimation of dollars earned by the use of this tool developed by UK's Cooperative Extension Service. This is a fairly conservative estimate of the potential value of Extension helping farmers with the farm bill signup. The dollar amount is calculated by subtracting the government payments of the optimal option from the government payments of the default option. Given that many farmers were likely to prove yields after finding out

their potential payments, we could estimate Extension's value by subtracting the payments under the optimal option with complete yield information from the default option with no yield information. Also, these numbers do not count farmers who used the spreadsheet on their own or may have missed recording their results.

		Minimum Payment	Maximum Payment
Actual Yields	Total \$	\$849,022	\$3,608,992
	\$ Per Acre	\$1.73	\$7.35
Complete Yields	Total \$	\$850,810	\$3,916,038
	\$ Per Acre	\$1.73	\$7.98

General Notes

Actual yield – These numbers are based on the actual yield information provided by the farmer. Any missing yields use the 75% of the county yield plug. When the farmer provides all his or her yields, the actual yield and the complete yield boxes will be the same. When the farmer has no yield information, the actual and the no yield boxes will be the same.

Complete yield – These numbers assume full yield information can be provided. Actual yields are used if available but if not, the county yield plug is used. However, in these scenarios, the county yield plug is not penalized.

Min payment or No CC Payment – These numbers represent receiving only the direct payment.

Max payment or Max CC Payment – These numbers represent receiving the maximum counter-cyclical payment for each crop.

The Jobs and Growth Tax Relief Reconciliation Act of 2003

President Bush signed public Law 108-27, The Jobs and Growth Tax Relief Reconciliation Act of 2003, on May 28, 2003. Described below are the major changes made by the new law that affect tax years beginning in 2003. Be sure to take these changes into account when figuring any future estimated tax payments due for 2003.

OVERVIEW

Workers will be getting more money in their paychecks thanks to the Jobs and Growth Tax Relief Reconciliation Act of 2003. New withholding tables incorporate the lower tax rates for employers to use when figuring the federal income tax to withhold from their employees' wages.

Employers should use these new tables as soon as they can work them into their payroll systems, but not later than July 1, 2003. By the third week of June, employers can expect to find

in the mail a printed copy of the 64-page Publication 15-T containing all the tables.

In making tax rate changes retroactive to the beginning of 2003, Congress recognized that tax withholding has already occurred at the higher rates required under the prior law. The new law's Conference Report states that "taxpayers who have been over withheld as a consequence of this (should) obtain a refund of this over withholding through the normal process of filing an income tax return, and not through the payer." Therefore, employers and others that withhold taxes should not attempt to "correct" amounts withheld at the rates required under the law before they could implement the new withholding rates.

Employees may adjust their withholding to bring the tax paid closer to the tax owed, but they may not claim more allowances than they are entitled to, based on their expected exemptions, deductions and credits. To avoid an estimated tax penalty for not paying enough during the year, they may want to see how much their withholding drops before making further adjustments.

The new law extended the 10 percent rate to cover the first \$7,000 of taxable income for single persons, \$14,000 for married couples. It also lowered the tax rates above 15 percent to 25, 28, 33 and 35 percent. This is a drop of two percentage points for each rate except the top one, which went down 3.6 points.

The new law also raised the standard deduction for married couples to \$9,500 and extended their 15 percent tax rate to \$56,800 of taxable income. Each figure is double the number for single taxpayers. The changes reduce the "marriage penalty" – the difference between the taxes couples pay and the amount they would have paid as two single persons.

TAX LAW CHANGES FOR INDIVIDUALS

The 2003 Tax Rate Schedules have been revised to reflect the following changes.

The tax rate brackets of 27%, 30%, 35%, and 38.6%, have been reduced to 25%, 28%, 33%, and 35%, respectively. The 15% rate bracket for married taxpayers filing jointly and qualifying widow(er)s has expanded to twice that of single filers. The maximum taxable income subject to the 10% tax rate has increased to \$7,000 for single taxpayers and married taxpayers filing separately (\$14,000 for married taxpayers filing jointly and qualifying widow(er)s).

The basic standard deduction for married taxpayers filing jointly and qualifying widow(er)s has increased to \$9,500 (twice that of single filers). The standard deduction for married taxpayers filing separately has increased to \$4,750 (the same as that of single taxpayers).

The maximum child tax credit has increased from \$600 to \$1,000 per child. Beginning on July 25, 2003, checks will be mailed to taxpayers who claimed the child tax credit for 2002. The checks are an advance payment of the increased portion

of the child tax credit for 2003, up to a maximum of \$400 per child, and will be based on 2002 tax return information using the number of qualifying children under age 17 as of December 31, 2003. No action is required by any taxpayer to receive an advance payment check. The checks will be mailed to qualifying taxpayers on the dates shown in the Mailing Schedule for Advance Child Tax Credit Payments. The advance payment reduces the amount of the child tax credit allowed for 2003. Any advance payment that is more than the child tax credit for 2003 does not have to be paid back.

The alternative minimum tax exemption amount has increased to \$40,250 for single taxpayers and taxpayers filing as head of household; \$58,000 for married taxpayers filing jointly and qualifying widow(er)s; and \$29,000 for married taxpayers filing separately.

The maximum tax rate on net capital gain (i.e., net long-term capital gain reduced by any net short-term capital loss) has been reduced from 20% to 15% (and from 10% to 5% for taxpayers in the 10% and 15% tax rate brackets) for property sold or otherwise disposed of after May 5, 2003 (and installment sale payments received after that date). The reduced rate applies for both the regular tax and the alternative minimum tax. The higher rates that apply to unrecaptured section 1250 gain, collectibles gain, and section 1202 gain have not changed.

The same 15% (or 5%) maximum tax rate that applies to net capital gain also applies to dividends paid by most domestic and foreign corporations after December 31, 2002. Certain dividends from regulated investment companies (such as mutual funds), real estate investment trusts, and certain foreign corporations do not qualify for the reduced rates. The 2003 Form 1099-DIV and 2003 Instructions for Form 1099-DIV will be reissued in June 2003 to add a box for the reporting of qualified dividends subject to the reduced rates.

ALL BUSINESSES, INCLUDING SELF-EMPLOYED

The special first-year depreciation allowance has been increased from 30% to 50% for qualified property acquired after May 5, 2003 (except for property acquired under a binding written contract in effect before May 6, 2003). Instead of claiming the 50% allowance, taxpayers may elect to claim the 30% allowance or elect not to claim any special allowance. The depreciation limit for vehicles subject to the 50% allowance is increased by \$7,650. The 2002 Instructions for Form 4562 will be reissued in June 2003 for use by fiscal year 2002-2003 filers to reflect the increase in the special allowance.

The limit on the section 179 expense deduction is increased to \$100,000 for qualified property (\$135,000 for qualified zone property, qualified renewal property, or qualified New York Liberty Zone property). This limit is reduced by the amount by which the cost of section 179 property placed in service during the year exceeds \$400,000. Also, the definition of section 179 property has been expanded to include off-the-shelf computer software.

CORPORATIONS

The installment due date for 25% of any corporate estimated tax payment otherwise due in September 2003 has been changed to October 1, 2003. The due date for the remaining 75% of the September 2003 estimated tax payment has not changed.

CHILD TAX CREDIT

Beginning the last week of July, eligible taxpayers who claimed the Child Tax Credit on their 2002 tax returns will automatically receive an advance payment of the 2003 increase in this credit, the Treasury Department and Internal Revenue Service announced today.

Taxpayers will not have to take any action to get this advance payment of up to \$400 per qualifying child. The Treasury Department and IRS will perform all the calculations and automatically mail a notice and a check to each eligible taxpayer.

"The only thing the taxpayer needs to do is cash the check," said Mark W. Everson, IRS Commissioner. "If you qualify, we will send you a notice. There's no need to call, no need to apply, no need to fill out another form. The IRS will do all the work. A few days after the notice, you will get the check."

The checks – an advance payment of the 2003 increase in the Child Tax Credit – will be based on the child tax credit claimed on the taxpayer's 2002 tax return. The Jobs and Growth Tax Relief Reconciliation Act of 2003 increased the maximum child tax credit for 2003 to \$1,000 per child, up from \$600 for tax year 2002. The law further instructed the Treasury Department to provide the difference – up to \$400 per child – as an advance payment to each eligible taxpayer this summer.

The Treasury Department will issue about 25 million of these checks this year, beginning with three principal mailings on July 25, Aug. 1 and Aug. 8. Taxpayers who filed returns after April 15 – for example, those with automatic extensions – will receive their advance payments after the IRS processes their returns. They should not make any change to their 2002 returns or remittances based on an expectation of an advance payment check.

The IRS will send notices to taxpayers on July 23, July 30 and Aug. 6, informing them of their advance payment amount. The IRS urges taxpayers to hold on to these notices for their 2003 tax returns. They will need to take the advance payment into account when determining the amount of their child tax credit on the 2003 tax return.

Taxpayers who are not eligible for the advance payment may still qualify for the increased child tax credit of up to \$1,000 when they file the 2003 tax return next year. For instance, a taxpayer who did not have a child in 2002, but had one in 2003, would not receive an advance payment but may qualify for the full \$1,000 credit on the 2003 tax return.

County Occupational License Tax Fees

Does your county impose an Occupational License Tax Fee on your business profits? If so you may be interested in checking to see if the dollars received from the National Tobacco Settlement Trust were deducted from the Gross Income before the tax was imposed. I spoke with the Occupational Tax Office in Shelby County and they indicated to me that since the state exempted those dollars from tax treatment, the county would follow suit. In many cases this tax is imposed on 1% of the Net Profit per Federal Net Business Income. Please check your returns and realize that for every \$1,000 of tobacco settlement money that was not deducted before the tax was imposed you would have paid in \$10 worth of unnecessary tax. The dollar amount of Tobacco Settlement money should appear under the "Items not Subject" section of the form. If you have any questions feel free to contact the office.

Quotes

Nothing lasts forever, not even troubles.

Arnold H. Glasgow

Of all days, the day which one has not laughed is the one most surely wasted.

Sebastien-Roch Nicolas de Chamfort

Zest is the secret of all beauty.

Christian Dior

Be satisfied with your possessions, but not contented with yourself until you have made the best of them.

Henry Van Dyke

The world is all gates, all opportunities, strings of tension waiting to be struck.

Ralph Waldo Emerson

Opportunities are often things you haven't noticed the first time around.

Catherine Deneuve

Jokes

HOW THE TAX SYSTEM WORKS

I don't know if I have shared this with you before but it deserves a revisit in light of the new tax law, enjoy ☺

Editorial by John Ziegler

Title: A Simple Way To Understand The Tax System

Date: Thursday, January 9, 2003

This is a VERY simple way to understand the tax laws. Let's put tax cuts in terms everyone can understand.

Suppose that every day, ten men go out for dinner. The bill for all ten comes to \$100. If they paid their bill the way we pay our taxes, it would go something like this:

The first four men -- the poorest -- would pay nothing; the fifth would pay \$1; the sixth would pay \$3; the seventh \$7; the eighth \$12; the ninth \$18. The tenth man -- the richest -- would pay \$59.

That's what they decided to do. The ten men ate dinner in the restaurant every day and seemed quite happy with the arrangement - until one day, the owner decided to give them a break.

"Since you are all such good customers," he said, "I'm going to reduce the cost of your daily meal by \$20." So now dinner for the ten only cost \$80.

The group still wanted to pay their bill the way we pay our taxes. So the first four men were unaffected. They would still eat for free. But what about the other six -- the paying customers? How could they divvy up the \$20 windfall so that everyone would get his "fair share?"

The six men realized that \$20 divided by six is \$3.33. But if they subtracted that from everybody's share, then the fifth man and the sixth man would end up being "paid" to eat their meal. So the restaurant owner suggested that it would be fair to reduce each man's bill by roughly the same amount, and he proceeded to work out the amounts each should pay.

And so the fifth man paid nothing, the sixth pitched in \$2, the seventh paid \$5, the eighth paid \$9, the ninth paid \$12, leaving the tenth man with a bill of \$52 instead of his earlier \$59.

Each of the six was better off than before. And the first four continued to eat for free. But once outside the restaurant, the men began to compare their savings. "I only got a dollar out of the \$20," declared the sixth man. He pointed to the tenth. "But he got \$7!"

"Yeah, that's right," exclaimed the fifth man. "I only saved a dollar, too. It's unfair that he got seven times more than me!"

"That's true!" shouted the seventh man. "Why should he get \$7 back when I got only \$2? The wealthy get all the breaks!"

“Wait a minute,” yelled the first four men in unison. “We didn’t get anything at all. The system exploits the poor!”

The nine men surrounded the tenth and beat him up. The next night he didn’t show up for dinner, so the nine sat down and ate without him. But when it came time to pay the bill, they discovered something important. They were \$52 short!!

And that is how the tax system works ☺

HOW A LAWYER MAKES A LIVING

Somewhere in Countryiana, KY there was a farmer who owned nothing except for 17 mules. The farmer had three sons and the farmer’s wife had passed on some time ago. Well, the day came along when the farmer passed away and as the three sons began to arrange the funeral and burial of their father they found his last will and testament which declared that the 17 mules be divided amongst his 3 sons. The oldest son was to receive $\frac{1}{2}$ of the mules, the second son was entitled to $\frac{1}{3}$ rd of the mules and the youngest son was to inherit $\frac{1}{9}$ th of the mules.

The three sons were very intelligent, as a matter of fact they had all attended and graduated from the University of Tennessee with degrees in Agricultural Economics. Using their education, they were able to determine that there was no good way to calculate $\frac{1}{2}$ of 17 mules without some blood being shed. They tried $\frac{1}{3}$ rd of 17 as well as $\frac{1}{9}$ th of 17 and came to the same conclusion.

So they did what all of us do when we get into a bind and they called a lawyer. The lawyer road down from Countryville, KY on his mule and when the sons presented their problem to them he offered his advice.

He said, “I tell you what, for a fee of \$1,000 I’ll solve your problem.” The boys agreed to pay the man and the lawyer continued saying, “I’ll give you my mule and then you can divide up all 18 mules amongst yourselves.” The boys grinned from ear to ear because now they had 18 mules instead of 17 and, by golly, the math worked! The first son took $\frac{1}{2}$ of the 18 mules home with him, the second took $\frac{1}{3}$ rd of the 18 mules back to his house and the youngest son walked his $\frac{1}{9}$ th of the 18 mules home. That’s $9 + 6 + 2$, if you are counting.

The lawyer took his \$1,000 fee, hopped back onto his mule, rode it down to the truck dealer and bought a truck and trailer and hauled his ass back home. ☺

Your Suggestions are Welcomed

I encourage you to make suggestions for future Bluegrass Farm Analysis Group, Inc. newsletters. If you would like to hear about a specific topic please call the office and I will research it for you and provide the information for the next newsletter.

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