

New World News



Vreba-Hoff Dairy I Holds Open House

On Wednesday July 26, Vreba-Hoff Dairy I held an open house to show about 75 people the process through which manure solids are composted and reused as bedding for the cows.

The unit works like a mini-wastewater treatment plant. Manure is "pre-thickened" by draining off excess water, which is processed to remove excess phosphorus that could pollute waterways, then irrigated on cropland. A 16-inch screw press then squeezes additional water from manure solids, which are afterward composted in large piles under roof.



Above: The process through which manure solids are composted and reused is shown to the 75 participants of the open house.

By installing the recycling system, Vreba-Hoff Dairy has responded in a novel way to criticism of the handling of manure.

Different versions of the manure handling process are likely to be installed at other dairies.

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Distillers

Are you interested in purchasing wet and dry distillers grains? Contact John Brouwer at Midwest Grain Processors in Riga, Michigan. He can be reached at 517-486-6191 or 517-881-8730.

Drivers License

If you still have a valid Dutch Drivers License and want to renew your license, you can do so through the Rijkdienst voor Wegverkeer in the Netherlands. You can contact our office for more information.

Market Update

The Mideast Federal Milk Marketing Order, which includes Michigan, Ohio and the majority of Indiana, milk prices are shown to the right.

For daily milk market information, visit: www.dairy.com and go to the "Dairy Reports" section.

*The Class I price is adjusted based on location and will range from \$12.55 to \$13.05 in the Mideast Order.

2006 Milk Prices (announced on June 30, 2006)		
Class of Milk	Price per 100 pounds (or 45.36 kg.)	Change from Previous Month
I Fluid Milk for drinking	\$12.95	-\$0.22
II Soft products: yogurt, cream cheese	\$11.00	-\$0.13
III Cheese	\$11.29	-\$0.54
IV Butter, powder milk	\$10.22	-\$0.11

Tour Reminder

If you are interested in joining the Mycogen Seeds Red Carpet Tour on August 10 and 11, please do not forget to RSVP to Tim Keller at: 419-592-9864 or at tekeller@dow.com.

Federal Estate Tax and the Non-Citizen Investor

By Charles R. Bappert, Attorney-at-law.

Living and working, and buying and selling, in the United States creates many different taxation obligations which must be addressed, either through payment or proper tax planning to minimize or shift the burden.



One overlooked tax which becomes a stumbling block that only occurs at the time of death is the federal estate tax obligation. Subject to certain exemptions, all citizens and non-citizens pay tax, at the time of death, on the privilege of transferring property to others. For married couples, who are citizens, there is a complete deduction for transfers from the deceased spouse to the living spouse at the time of death.

This unlimited marital deduction is not available if the surviving spouse is not a citizen of the United States.

The federal estate tax ("death tax") is a graduated tax, depending on the value of the property that is non-exempt, but may approach as much as 48% of that value.

This may lead to the conclusion that spouses should leave their property to their children, and not to each other. Under a properly drafted trust agreement this has value, in avoiding the federal estate tax, up to a point. The problem is that in making the gift to the children, by a properly drafted will and trust, the married couple must split their property in half while alive. This splitting needs to occur because we do not know who is going to die first.

Unfortunately, for non-citizens the very act of "splitting" the property is a gift from one spouse to the other which is also subject to the federal estate tax at the time of death.

The solution is a properly drafted qualified domestic trust (QDT) which is deliberately written to account for this non-citizen transfer problem between spouses. The trust is written in such a way so that the non-citizen spouses make annual gifts to each other's trust, not exceeding \$120,000 (in 2006). When the joint accounts of both husband and wife are successfully split, over time, the qualified domestic trust will work properly.

A properly functioning QDT will have the living spouse keeping her own half of the property to do with as she pleases, while she enjoys the income from the deceased spouse trust, free of federal estate tax. While she may only take income from the deceased spouse trust, the principal will pass to children, in accord with the terms of the QDT.

The qualified domestic trust is a complicated estate planning device that has a singular benefit to non-citizen owners of real estate, dairy farms, cash, and other property. It requires a very careful analysis of those assets and the nature of their ownership with an attorney and a certified public accountant.

This type of estate planning is time sensitive because husbands and wives who own all of their property jointly need to begin splitting it in half, with gifts to individual trusts, on an annual basis, which does not exceed the annual exclusion (\$120,000 in 2006).

Charles R. Bappert is a Michigan estate planning attorney. The information given in this article is for general use and does not apply to your particular situation without consultation. To ensure compliance with IRS regulations, you are also informed that any tax advice contained in this communication is not intended or written to be used for the purpose of avoiding tax penalties or for marketing tax avoidance plans.

How to Handle a "No-Match" Letter?



President Bush recently announced proposed regulations that would make it easier for employers to verify employment eligibility and continue to hold them to account for the workers they hire. One of the regulations would set forth guidance for U.S. businesses when handling "no-match" letters from the Social Security Administration (SSA) concerning submitted employee Social Security numbers or from the Department of Homeland Security (DHS) concerning documents submitted by employees during the I-9 process.

A "no-match" letter can be a letter to the employer from the SSA stating that the combination of name and social security account number submitted for an employee does not match the agency's records, or a letter from the DHS notifying employer that the immigration-status or employment-authorization documentation presented or referenced by the employee is not consistent with DHS records.

Typically, when a worker's Social Security number does not match the worker's name on tax or employment eligibility documents, the Federal government sends out a "no-match" letter asking them to resolve the discrepancy.

Under the Immigration and Nationality Act, it is illegal for employers to continue to employ an individual worker knowing that person is not authorized.

In the new proposed rule, DHS clearly states that the receipt of a "no-match" letter from the SSA or the DHS is considered "constructive knowledge" that an employer is employing an unauthorized alien.

Employers must take certain steps to obtain safe harbor, after receiving a "no-match" letter, including attempting to solve the issue and informing the relevant agency. If the issue is not resolved within 60 days, the employer must complete a new I-9 employment form for the worker, but the form can not use documents containing the Social Security Number or alien number in question from "no-match" letters, and the documents used to verify identity must contain a photo.

With the increased attention on illegal immigrants, it's good to have an idea beforehand of what to expect if an official from Immigration and Custom Enforcement (ICE) contacts you or unexpectedly shows up. Employers have a responsibility to obey immigration laws, but they also have rights under those same laws. The ICE can contact you three ways:

- An I-9 audit. If this happens, ask for three days to prepare for the audit and contact an attorney to help you prepare.
- Arrest warrant. Agents may contact you if they have a warrant for an illegal alien who had committed a felony. If this happens, discretely cooperate with the agent. Agents can enter your property without notifying you if they believe the person is armed and dangerous.
- Search warrant . Agents can enter your property if they have a search warrant based on probable cause of illegal activity. Obtain a copy of the warrant, read it and allow only those specified in the warrant to conduct the actions. Get a business card of everyone who enters your property. After you read the warrant, contact your attorney.

Source: MAAHS/Ohio Farm Bureau/Buckeye Dairy News

SPCC Plan Extension

In our first 2006 issue of the New World News we informed you of the Spill Prevention, Control and Counter Measure (SPCC) Plan. Operators who have an aggregate total above ground oil storage capacity of 1,320 gallons or more, had an August 18, 2006 deadline to get this SPCC Plan in place.

However, EPA has extended the SPCC compliance dates for all facilities to **October 31, 2007**.

For more information, please check: <http://www.epa.gov/oilspill/index.html>



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Dairy Development

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New Arrival



Congratulations to Harm and Yvonne van de Kolk on the birth of their baby boy, Jess. Jess will join his brother Jake in their home in Wauseon.

Change of Address

Welcome!

Welcome to the van Sommeren family! Gijs, Elly and their 3 sons, Erik, Sietzke and Bart relocated from Aylmer, Ontario to Forest, Ohio and will be operating Noord Zuid Dairy Farm at:
18405 CR 70
Forest OH 45843

Welcome to the Stöver family! Carsten, Gabi and their two children, Jacqueline and Leon relocated from Barnitz, Germany to Indiana and are now residing at:
1210 Hickory Lane
Angola, IN 46703

Notify INS when moving

When moving within the USA, aliens are required to report a change of address with the US Citizenship and Immigration Services within ten days of such a change. You need to fill out form AR-11 and mail a copy to the address indicated on the form. The form can be obtained from the US Citizenship and Immigration Services website (www.uscis.gov). Also, update IRS with your new address when moving.

The Social Security Office will be updated by the IRS so they do not require an extra notification.



The Oolman family has moved. They are now residing at:

8636 Road 51
Payne, OH 45880
Phone: 419-263-0252

The in 't Groen family has moved. They are now residing at:

11539 Bloomdale Road
Wayne, OH 43466
Phone: (419) 288-0610

Promoting Dairy

Wendy's has launched three new dairy-friendly items on its kids' menu. New selections include a side item of low fat strawberry yogurt and granola in a cup and two sandwich entrees—turkey and American cheese or ham and American cheese. The new items are available at Wendy's restaurants across the country.

Burger King now offers low-fat white and chocolate milk in re-sealable, 8-ounce plastic bottles. The new milk offerings will be promoted as beverage option with a Kids Meal, as well as a permanent beverage menu option for all customers.

Source: Dairy Herd Management/Agweb.com

Air Consent Agreement

The Environmental Protection Agency approved the first round of dairy Air Consent Agreements. As a result, the EPA's Environmental Appeals Board has sent letters to those participating dairies to finalize the approval process.

So far, EPA has mailed letters to approximately 300 of the 600 dairies who signed up for the Air Consent Agreement program. In the letter, the EPA requests payment for the penalty fee. The penalty fee is based on farm size. Payment of the penalty is required so that EPA can legally release participating dairy farms from possible past violations of the Clean Air Act, CERCLA and EPCRA.

EPA is in the process of reviewing the remainder of the consent agreements.

Source: Dairy Herd Management

LPE Newsletter

LPE (Livestock and Poultry Environmental Learning Center) is a project dedicated to the vision that individuals involved in public policy issues, animal production and delivery of technical services for confined animal systems should have on-demand access to the nation's best science-based resources. On their website (www.lpe.unl.edu) you can subscribe to their newsletter for up to date information on emerging environmental issues relative to animal agriculture.