

# THE 'SAVING' POWER OF YOGURT

Need for milk renews DIAC idea of tax-deferred savings accounts

By Dave Natzke

Growing yogurt industries in New York and Idaho may help take the lid off an idea buried in a 2-year-old report from a special USDA dairy advisory committee – tax-deferred savings accounts for dairy producers.

U.S. Sens. Charles Schumer (D-N.Y.) and Mike Crapo (R-Idaho) introduced the Dairy Augmentation for Increased Retail in Yogurt (DAIRY) Act, designed to help dairy producers establish savings

accounts to help manage revenue risk and market fluctuations. Idaho and New York are the third- and fourth-largest dairy-producing states, respectively, and expanding Greek yogurt maker Chobani and other companies have contributed to surging interest in yogurt production in both states.

The idea for tax-deferred savings accounts for dairy producers received unanimous support in a March 2011 report from the Dairy Industry Advisory Committee (DIAC).

Created during a dismal economic period for dairy producers, USDA established DIAC in late 2009 to review issues related to farm milk price volatility and dairy producer profitability. In their report to USDA about 18 months later, all 17 panel members approved amending federal law to allow dairy farm operators to establish special tax-deferred savings accounts.

The savings accounts were seen as one of several tools to assist in the private management of volatility in prices and farm returns, designed to transfer taxable income from highly profitable

years to years of low or negative taxable returns.

Like many of the 22 other recommendations in that report, however, tax-deferred savings accounts fell victim to nearly continuous debate over supply/growth management that has stymied other industry changes.

Under the DIAC recommendation, producers would have had to keep funds in an account for a minimum of six months. There would have been no limits on the amount of money placed in the account, and payment of income taxes on contributions and interest would occur in the tax year in which the funds were withdrawn.

The Schumer/Crapo plan follows recommendations included in the DIAC report. It has been referred to the Senate Committee on Finance.

[Click here](#) to see the DIAC report, including recommendations on tax-deferred savings accounts.

For more on the Dairy Augmentation for Increased Retail in Yogurt Act, [click here](#).

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## Export numbers in & up; milk reports down & out

USDA giveth, and USDA taketh away. In a week in which USDA provided a wealth of information on U.S. dairy exports, the agency announced it will suspend a key monthly report it provides to the dairy industry.

**Regarding exports:** USDA estimated the value of U.S. dairy product exports improved in January, topping \$400 million for 22nd time in the past 23 months. At \$447 million, exports were up 6% from December 2012, and about 4% more than January 2012. It's the highest monthly export value since May 2012. Overall volume was up 11%, with cheese, butterfat, dry whey and lactose all improved.

**Budget cut; report suspended:** USDA's National Ag Statistics Service announced its will suspend monthly Milk Production reports for the rest of fiscal year 2013 as a result of budget cuts imposed on the agency by sequestration.

"Eliminating the USDA's monthly milk production report through September will detrimentally affect how decisions are made about the marketing of milk, starting at, but not ending with, the farm level," said National Milk Producers Federation president and CEO Jerry Kozak.



### SUSTAINABILITY VIDEO

A new Innovation Center for U.S. Dairy video highlights the dairy industry's collaborative effort to produce a "Sustainability Guide and Framework," a voluntary guide to help measure, report and support efforts to communicate sustainability progress by dairy producers and processors. To see the video, [click here](#).