

Economic Impact of a 2,400-pig Contract Grow-Finish Unit on the Local Community, County and State

Prepared: January 2011

Economic Impact of Construction

Overall construction project costs will be \$556,000 for site preparation, buildings, equipment and manure storage. While crop farmers entering into contract production are expected to have sufficient tractor power, additional manure handling equipment will cost approximately \$55,000. A significant portion of these dollars will be spent locally for contractors, specialized labor, and building supplies for constructing the operation.

Farm Level Annual Economic Impact of the Swine Operation

- ❖ The swine operation will generate an average of \$152,177 in gross revenue per year: \$98,400 from contract payments and \$53,777 of fertilizer value in manure based on a two year corn/soybean rotation.
- ❖ An estimated \$219,000 in economic activity will be generated annually in the state due to the multiplier effect of the annual expenditures of the swine operation. Most of that economic activity will be generated in the surrounding rural area.
- ❖ There is a one-time economic benefit of \$969,616 for the construction of the facility.
- ❖ The swine operation will spend \$2,750 per year in real estate and property taxes.
- ❖ The swine operation will spend \$2,750 per year in insurance fees.
- ❖ The swine operation will spend approximately \$12,400 per year in utilities.
- ❖ No significant outside labor will be needed to take care of the pigs. All labor expenses will be compensated in the contract payment which the farmer receives.
- ❖ Indirect jobs in the community supported by swine operation include: equipment repair and maintenance, insurance, banking, custom manure hauling, supplies, and veterinary services.
- ❖ The swine operation may provide local crop producers with a new market for corn; total corn acreage needed for the operation will be 500 acres.
- ❖ Manure distribution is expected to add annually \$20,916 of expenses for the labor, fuel, taxes, insurance, and repair.
- ❖ Slurry manure nutrients from the grow-finish swine operation provide the one year of nitrogen and two years of P and K fertilizer requirements for approximately 640 acres of cropland managed in a corn-soybean rotation (150 bu/acre corn and 45 bu/acre soybeans). Annually 320 acres of corn per year receive manure. Landowners would save approximately \$173/acre over the two year crop rotation assuming fertilizer prices of \$.49/lb N, \$.61/lb P₂O₅ and \$.50/lb K₂O.