

## **Should a Cattle Owner Buy Hay or Sell Cows?**

We (ABM Economists), and probably many Extension agents, have been questioned many times about whether a cattle owner should buy supplement feed in order to keep cows during these times of drought or just sell the cows.

Steve Koontz and I developed an ABM Decision Tool to help address the question from a financial perspective. The Excel based template can be downloaded at the ABM web site:

[www.coopext.colostate.edu/ABM/](http://www.coopext.colostate.edu/ABM/). It is located under *[Decision Tools]*.

Capital gains and income taxes related to such a decision are separate questions. Remember, eligible sellers of cows must make a 1033(e) election in order to have four years to replace breeding animals. If they do not make such an election, the IRS requires that they include any capital gains in the year the animals are sold. Some producers may be eligible to make a 451(e) election on their calves – if those calves would have normally been sold next year (the year after they are born). Please contact me with any questions.

**From: Jeffrey E. Tranel**  
**Agricultural & Business Management Economist**  
**Colorado State University.**

Contact Yvette Henson at CSU Extension office at 970-327-4393 for more information or email her at [yvette.henson@colostate.edu](mailto:yvette.henson@colostate.edu).