



# Wild & Woolly



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## 2015 Lambing & Kidding School

The 2015 Lambing & Kidding School will be held Saturday, December 5 at North Harford High School in Pylesville, Maryland.

The day-long program will feature separate educational tracks for adults and youth. The keynote speaker for the adult program will be Dr. Richard Ehrhardt from Michigan State University. The youth program will be mostly hands-on.

Dr. Ehrhardt is the Small Ruminant Specialist at Michigan State University. In addition to working with both large and small-scale producers, Dr. Ehrhardt is involved in the training of veterinary students. Other speakers will include Susan Schoenian, Chris Anderson, Dr. Angela Black, Karen Holloway, Sara Meager BhaduriHauck, Dwayne Murphy, Dan Severson, and Dr. Mara Mullinix.

The pre-registration deadline for the school is November 20. The registration fee is \$40 per adult and \$30 per youth (age 8-18). The registration fee will include morning refreshments, lunch, door prizes, and resource materials (on a flash drive). There is an additional charge of \$10 to receive resource materials in a notebook (binder).

Youth will be charged an additional \$20 if they want to make a feeder and halter in the first session. The \$20 will cover some of the material cost.

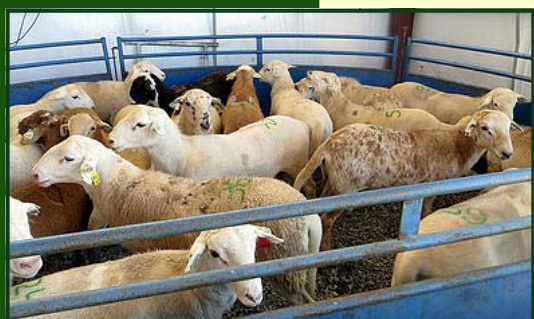
The Lambing & Kidding School is held every other year (odd years) at a different location in Maryland. Previous schools have been held in Howard, Carroll, Charles, Queen Anne's and Washington Counties. A youth program was added to the school in 2009.

UNIVERSITY OF MARYLAND  
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The University of Maryland Extension programs are open to any person and will not discriminate against anyone because of race, age, sex, color, sexual orientation, physical or mental disability, religion, ancestry, national origin, marital status, genetic information, political affiliation, and gender identity or expression.

8:30 a.m. to 9:30 a.m.	Registration and refreshments	
9:30 a.m. to 10:00 a.m.	<i>Ready, set, go . . . getting ready for lambing and kidding</i> Susan Schoenian, University of Maryland	<i>Shop class: making useful things for sheep and goats</i> Chris Anderson, University of Maryland Nathan Glenn, North Harford High School
10 a.m. to 10:45 a.m.	<i>Successful Lambing &amp; Kidding: what to do</i> Dr. Richard Ehrhardt, Michigan State University	
10:45 a.m. to 11 a.m.	Break	
11 a.m. to 12 p.m.	<i>Healthy babies: neonatal care</i> Dr. Richard Ehrhardt, Michigan State University	<i>Wet lab: sheep and goat reproduction</i> Dwayne Murphy, University of Maryland
12 p.m. to 1 p.m.	Lunch	
1 p.m. to 2 p.m.	<i>Why did it die? Live necropsy (youth welcome)</i> Dr. Richard Ehrhardt, Michigan State University	<i>The seeds of life: semen evaluation</i> Dr. Mara Mullinix, Mullinix Vet Clinic
2 p.m. to 2:15 p.m.	Break	
2:15 p.m. to 3 p.m.	Concurrent sessions	
	<i>All About AI: Pros and cons of artificial insemination</i> Dan Severson University of Delaware	<i>Healthy stock: the importance of biosecurity</i> Sara Meager BhaduriHauck University of Maryland
3:00 to 3:45 p.m.	<i>Keeping udders healthy</i> Dr. Angela Black University of Maryland	<i>Supplies R Us: what do you need to raise sheep and goats?</i> Chris Anderson University of Maryland
		<i>Mineral Nutrition</i> Karen Holloway The Mill of Bel Air

**Which ram's offspring will be the most resistant to parasites?**



**You can't tell by looking!**



## **EBVs for "Dummies"**

by Susan Schoenian

Sheep and goats are selected primarily on the basis of what they look like. There are two problems with this approach. First of all, many traits of economic importance, e.g. reproductive performance and disease resistance, cannot be assessed visually.

Secondly, an animal's phenotype (what you see) is a combination of its genotype (genetics) and the environment in which it is reared. Sometimes, it can be very difficult to separate genetics from environment. For example, animals that are fed grain usually grow faster than those that are raised solely on pasture, but this does not mean they have superior genetics for growth. This is where EBVs can fit in.

EBV stands for estimated breeding value. It is a prediction of how an animal's offspring will perform based on data. EBVs are calculated from an animal's own performance (for a particular trait), along with its performance from other traits and the performance of its relatives. EBVs can be calculated for various growth, reproductive, carcass, fiber, and disease-resistance traits. There are some breed (and species) differences, as different breeds put different emphasis on different traits and end points.

Normally, larger values equate to better EBVs (and performance), e.g. weaning weight and litter size. For example, if the parents of a lamb each had an EBV of 4.0 for weaning weight, the lamb would be expected to be 4.0 lbs. heavier (at weaning) than the average lamb in the breed. For some traits, e.g. wool fiber diameter and parasite resistance (fecal egg counts), smaller values are more desirable.

With EBVs, differences in management among flocks are accounted for by evaluating individual animal performance compared with animals that are managed similarly. Animals in the same flock or herd that are managed similarly are called a contemporary group. Thus, EBVs allow animals from different flocks and herds to be compared, regardless of management or geographic location.

Accuracy values are also calculated – and important. They are a measure of confidence in each animal's EBV. Accuracy values range from 0 to 100. The closer the accuracy value is to 100, the more representative the EBV is of the animal's "true" breeding value (or TBV) and the more confident you can be in the EBV. Many factors affect accuracy, including the amount of performance data (on the animal and its relatives), the size of the contemporary group, and the heritability of the specific trait. Connectivity between flocks (i.e. sharing of genetics) is essential to improving the accuracy of EBVs in the sheep and goat industry.

*(Continued on page 6)*

## World's Cutest Sheep

They have been called the world's cutest sheep. The Valais (French) Blacknose sheep or Walliser Schwarznasenschaf (German) originate from the Valais region of Switzerland and are bred for both meat and wool (coarse).

The sheep are very well adapted for grazing in the steep rocky Alpine slopes and are said to have been mentioned as a breed as early as the 14th Century. They are unmistakable with their black faces, ears and long spiral horns. They also have black patches on their knees, hocks, and feet.

The Valais Blacknose is considered to be a good meat breed. They are good sized. One web site gave ewe weights of 132 to 198 lbs. Ram weights are between 200 and 400 lbs. They are a long wool sheep which require shearing twice a year. The wool is coarse, especially good for felting.

These sheep are very rare. There are only a few thousand left in the world. Their existence is threatened by the recent return of the wolf to Switzerland. There are couple of breeders in Germany. The breed was introduced to the United Kingdom in 2014, where it has garnered a lot of media attention. A breed association has been established to preserve the breed in the UK.



(Images' credit to Whitehall Valais Blacknose Sheep )

Currently, there are no Valais Blacknose sheep in the United States (not yet!).

However, there is a US fan club on Facebook(<https://www.facebook.com/ValaisBlacknoseSheepUsFanClub>)

## Toxic Plants and Accidental Poisoning

by Sara Meagher BhaduriHauck  
Extension Educator, Harford  
County, Maryland

Many plants that are commonly found in and around pastures and hay fields can cause poisoning in livestock animals. In many cases it may be impossible to completely remove all toxic plants, but having the proper knowledge about how to manage against poisoning by toxic plants can be enough to prevent it.

In most cases, livestock will avoid eating toxic plants as long as there is adequate other forage available. Livestock are more likely to consume toxic plant materials:

- When they have finished their forage ration and are bored;
- During times of the year when pastures are sparse, such as during a drought, when pastures are snow covered, or when pastures are overgrazed;
- During times of the year when plants might be stressed and may become more toxic, such as during drought;

*(Continued on page 8)*



## 10 Year Anniversary of Western Maryland Pasture-Based Meat Goat Performance Test

2015 marked the 10 year anniversary of the Western Maryland Pasture-based Meat Goat Performance Test. The test was initiated in 2006 to evaluate the post-weaning performance of meat goat bucklings consuming a pasture-based diet, with natural exposure to internal parasite, primarily the barber pole worm.



The test is open to goat breeders in any state. Bucks can be of any breed or breed type, without regard to registration status or eligibility. Bucks must meet certain age, weight, and health requirements. Since 2006, 639 bucks (mostly Kiko) from 89 herds in 18 states have been evaluated.

The test begins with an adjustment period, during which time the bucks adapt to their new environment and herd mates. The adjustment period provides time for the worms to clear their systems. Upon arrival, the bucks are sequentially dosed with dewormers from each drug class. This way the bucks can start the test equally and “free” from parasites, so that differences observed in the test are the result of genetics and not previous management.

The test usually lasts for 84 days. The bucks are handled every two weeks) to determine their body weights, FAMACHA©, body condition, coat condition, dag, and fecal consistency scores are. Deworming decisions are based primarily on FAMACHA© scores and the Five Point Check©. Individual fecal samples are collected bi-weekly to determine indi-

vidual fecal egg counts (EPG). Pooled samples are collected less often to determine the proportion of the different parasite species.

While on test, the bucks are managed as a single herd. They are rotationally grazed among five, 2-acre paddocks. There is an additional paddock (~2.5 acres) that is planted in

trees. The paddocks have been planted in a variety of cool and warm season annual and perennials. The cool season perennials are predominantly MaxQ™ tall fescue and orchard grass. In prior years, chicory was grazed. The warm season annuals have included forage sorghum, dwarf pearl millet, and Sunn hemp. There are always a variety of weeds for grazing. Sometimes, the weeds are more nutritious than the managed species.

Towards the end of the test, the goats are scanned to determine carcass traits. They are evaluated for reproductive soundness and structural correctness. The top-performing bucks are selected at the end of the test. The selection criteria is primarily growth (average daily gain), parasite resistance (fecal egg counts) and parasite resilience (FAMACHA© scores and number of anthelmintic treatments).

In some years, the test was followed by a sale of the top-performing bucks. In the beginning, the sale was held at the test site or adjacent fairgrounds. In 2013, the sale was held in Virginia. Last year, the sale was moved to Kentucky. Some of this year’s top-performing bucks will be sold at next year’s Blue-

*(Continued on page 6)*

### More Information On Sheep & Goats Can Be Accessed At:

<http://www.sheepandgoat.com/>  
<http://www.sheep101.info/>  
<http://mdsheepgoat.blogspot.com>

<http://www.acsrpc.org>  
<https://www.facebook.com/MDSmall>  
<https://twitter.com/MDSheepGoat>

<http://mdgoatstest.blogspot.com>  
<http://issuu.com/mdsheepgoat>

## 2015 Winter Webinar Series for Small Ruminant Producers

Since 2011, the University of Maryland Small Ruminant Extension Program has been holding a winter webinar series (short course) for small ruminant producers. Each webinar series has included four to six webinars united by a single theme, such as nutrition, health, breeding or health. The instructors have been Susan Schoenian and Jeff Semler.



the Small Ruminant Extension Specialist at Virginia State University. She is interested in alternative means of parasite control

Each webinar will last approximately one hour. Additional time will be allotted for questions. Interaction will be via a chat box.

The 2016 Winter Webinar Series will cover six unrelated topics: toxic plants, sericea lespedeza, EBV's, minerals and vitamins, internal parasites, and reproduction. It will include speakers from other states and institutions. Dr. Dan Morrical is a Professor of Animal Science and Extension Sheep Specialist at Iowa State University. His area of expertise is sheep nutrition. Dr. Tom Terrill is a Forage Specialist in the Animal Science Unit at Fort Valley State University in Fort Valley, Georgia. His primary research focus is on sustainable parasite control in small ruminants, with emphasis on use of sericea lespedeza, a low-input, tannin-rich perennial legume, as a natural dewormer for sheep and goats.

Dr. Gareth Bath is Professor Emeritus at the University of Pretoria in South Africa. He has had wide experience of most aspects of sheep and goat health and production and is the co-developer of the FAMACHA© system and Five Point Check©. Dr. Dahlia O'Brien is

Anyone with a connection to the internet may participate in the live webinars. High speed access is recommended. Pre-registration is not required. The webinars are open to the first 100 people who log on. All communication pertaining to the webinars is conducted via a listserv. To subscribe to the listserv, send an e-mail message to [listserv@listserv.umd.edu](mailto:listserv@listserv.umd.edu). In the body of the message, write subscribe sheepgoatwebinars. You may unsubscribe from the listserv by sending an e-mail message to the same address. Instead of writing subscribe, write unsubscribe or signoff (sheepgoatwebinars).

All of the webinars will be recorded and edited. They will also be converted to YouTube videos. PowerPoint presentations will be uploaded to SlideShare. Links to Adobe Connect presentations, YouTube videos, and PowerPoint presentations will be available at <http://www.sheepandgoat.com/#!/webinars/cu81>

Date	Time	Topic	Speaker	Affiliation
February 4	7 p.m. EST	Toxic Plants	Jeff Semler	University of Maryland
February 11	7 p.m. EST	EBVs for Beginners	Susan Schoenian	University of Maryland
February 15	7 p.m. EST	Mineral and vitamin nutrition	Dr. Dan Morrical	Iowa State University
February 25	7 p.m. EST	Sericea lespedeza	Dr. Tom Terrill	Fort Valley State University
March 3	7 p.m. EST	The Big Five	Dr. Gareth Bath	University of Pretoria, South Africa
March 10	7 p.m. EST	Natural dewormers	Dr. Dahlia O'Brien	Virginia State University

*Webinar Schedule Subject to change*

## 10 Year Anniversary of Western Maryland Pasture-Based Meat Goat Performance Test (continued from page 4)

grass Performance Invitational in Frankfurt, Kentucky. Test bucks may always be purchased via private treaty from the consignors.

Each year, the test is different. It is characterized by different forages and different environment conditions. Some years are wet, some years are dry, and some years are mixed. Temperatures and humidity vary. The environmental conditions have a large impact on the performance of the goats, including the parasite burden. A sufficiently high parasite challenge is essential to identifying the resistant bucks, which in-turn may negatively impact growth. The primary goal of the test is to identify parasite resistant bucks.



A central performance test, such as this one, is only useful for comparing the animals that are in the test group. The bucks in this year’s test cannot be compared to bucks that remained on the farm. They cannot be compared to bucks that were tested in other years. The only way to make across-herd comparisons (of livestock) is EBVs (estimated breeding values). You can read about EBVs in this newsletter.

## EBVs for "Dummies" (continued from page 2)

EBVs are provided by the National Sheep Improvement Program (NSIP). The data is processed by Sheep Genetics of Australia. While any sheep producer can enroll their flock in NSIP, the program is intended mostly for pure-bred or seedstock producers.

Commercial producers benefit by purchasing breeding stock, especially males, from flocks and herds enrolled in NSIP. NSIP is equally applicable to meat goat producers. The Western Maryland Meat Goat Performance Test offers a discounted fee to consignors whose herds are enrolled in NSIP.

To participate in NSIP, there is an annual enrollment fee, along with a one-time data fee for each animal entered into the database. Data entry is online. The industry is making special efforts to enroll more sheep flocks and goat herds into NSIP by waiving the first year enrollment fee. To learn more about NSIP and EBVs, go to [nsip.org](http://nsip.org).

Trait ->	Bwt	Mbwt	Wwt	Mwwt	Pwwt	Wfec	Pfec	NLB	NLW	Index
EBV	0	0.3	0.7	1.8	1.2	065	-88	12	22	125.2
Accuracy	81	53	79	73	82	88	92	45	42	

Bwt: birth weight; Mbwt: maternal birth weight; Wwt: weaning weight; Mwwt: maternal weaning weight; Pwwt: post-weaning weight; Wfec: weaning fecal egg count; Pfec: post-weaning fecal egg count; NLB: number lambs born; NLW: number lambs weaned; Index: productivity index (maternal hair, maternal wool, terminal sire)

Editor's Note: The 2015 Winter Webinar Series will include a webinar on EBVs (for beginners).

## Best Practices for Animal Quarantine

by Sara Meagher BhaduriHauck  
Extension Educator, Harford County, Maryland

Quarantining new and sick animals is a practice that most livestock producers are familiar with. With the spreading avian flu predicted to reach Maryland in the coming months, it's also something that's been on the forefront of my mind recently. We all know that quarantine is important in reducing the spread of disease, but it must be done properly to be effective. Does your quarantine protocol follow each of these essential guidelines?

Quarantine all animals new to your farm for at least 21 days. (Quarantining for 28 days is even better.) Some diseases have a long incubation period, and you might not see symptoms of a disease in less time. Pay special attention to the animals in quarantine by observing feed and water intake, amount and consistency of manure, and behavior, and check for any signs of illness daily.

Ensure that your quarantine area is far enough away from areas where your current herd or flock is housed. At the very least, provide separate pens and don't allow quarantined and non-quarantined animals to share a fence line. If you must house quarantined animals in the same barn, keep the quarantine area at the end of the barn that receives the least amount of traffic. It's best to have at least 14 feet of separation between the quarantine area and the rest of your herd or flock.

Consider placement of your quarantine area. It's best to put quarantined animals down slope and downwind so that any contaminated manure or aerosolized pathogens aren't moving in to areas where your healthy animals are kept. Take care of your current herd or flock before taking care of the animals in quarantine. This will help to reduce the amount of possible cross contamination.

Keep designated equipment in the quarantine area. Don't use the same buckets, wheelbarrows, pitchforks, etc. in the quarantine area that you use with the rest of your animals. This also applies to your boots! Have designated boots to wear in the quarantine area, use disposable boot covers, or clean and sterilize your boots after working in the quarantine area.

Practice good personal hygiene. Be sure to wash your hands directly after leaving the quarantine area. It's best to completely change your clothes, too, before working in areas where your current herd or flock is housed, but this isn't always practical. Alternatively, you can keep a designated pair of coveralls to wear in the quarantine area.

Quarantining is a crucial part of a good biosecurity plan, but don't forget about other practices intended to prevent diseases from coming on to your farm. If you visit other farms or come in contact with other livestock, you could possibly bring disease home on your boots or even on your trailer tires. Be sure to clean and disinfect any potential vectors upon arriving home. (Remember, only clean surfaces can be disinfected, so always remove manure or dirt by scrubbing before disinfecting with a chemical solution like bleach.) It's a good idea to keep a designated pair of boots for use on your own farm and wear different shoes when you visit elsewhere.

Source: University of Maryland Extension: Harford County

Editor's Note: For small ruminant producers, it is also important to deworm all new arrivals with anthelmintics from all three drug classes (e.g. albendazole + moxidectin + levamisole). A quarantine drenching will help to ensure that resistant worms are not introduced to the farm



## Toxic Plants and Accidental Poisoning (continued from page 3)

- If the hay you provide is very weedy and there is no other forage available to them;
- If toxic weeds and/or their seeds collect at the bottom of a hay feeder and the feeder isn't cleaned out;
- Or if new plant material is introduced to animal access areas, such as a neighbor or the power company dumping yard waste over a fence, fallen tree limbs due to a storm, or after repairs or construction like alteration of a fence line.

It's also important to remember the saying "the dose makes the poison." In the case of most toxic plants, an animal must eat a significant quantity to be poisoned. Usually, an animal will not exhibit any symptoms if they've only consumed one or two plants or a few mouthfuls. (Two exceptions to this rule are hemlock

and yew, which are extremely poisonous even at low doses.) Different types of animals also respond differently to different toxins. Some plants are poisonous only to ruminants and not to non-ruminants, and vice versa.

There are hundreds of plants that can cause toxicity, but not all of them are present in all areas. Scout your pastures and hay fields to see what is growing on your farm; be familiar with the clinical signs of poisoning from those plants and of a few of the most common.

Source: University of Maryland Extension: Harford County

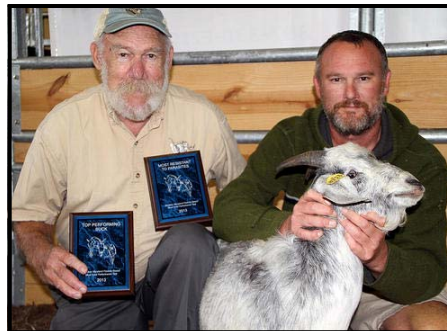
Editor's note: In the 2015 Winter Webinar Series, there will be a webinar on poisonous/toxic plants

## In Memory of Sam Burke and Craig Adams

This year's Western Maryland Pasture-Based Meat Goat Performance Test was dedicated to the memories of Merritt "Sam" Burke and Craig Adams. Both passed away in 2015. Both were long time participants and supporters of the test and Kiko breed.

Sam (from Delaware) was one of the test's strongest supporters. He first consigned bucks in the second year of the test (2007). In 2011, Sam had the top-performing buck. He had the top consignment of bucks in 2012 and 2013. He had many other top-performing animals. In 2013, one of Sam's top-performing bucks sold for \$1100.

Craig (from Illinois) dominated the test in his first two years of consignment



Sam (L) & Laurence (R) Burke



Craig Adams

(2009, 2010). In both years, he had the top-performing buck and top consignment of bucks. Craig had top-performing bucks in subsequent years of the test. One of the bucks he consigned to this year's test was in the top 10 for performance

Craig had the top-selling buck in 2009; it sold for \$1050. Craig's top-performing buck in 2010 brought \$1400. Craig's bucks were best known for their parasite resistance.

This year's award for the top-performing buck will be named in the memory of Craig Adams. The top consignment award will be given in Sam's memory.

Both Sam and Craig will be sorely missed. Condolences are extended to their families and the Kiko community.



## Why Didn't Deworming Improve FAMACHA © Scores?

by Dr. Steve Hart  
Extension Goat Specialist - Langston University

Deworming animals with FAMACHA© scores of 4 or 5 should result in the improvement of FAMACHA© scores by at least one when checked two weeks later. What if it doesn't? There are several reasons why deworming small ruminants may not improve their FAMACHA© scores. We will start from the most common and go to the less likely items.

First, if you are deworming lactating animals, the nutritional competition between milk production and making blood may keep the animals anemic until they are in late lactation or until their young are weaned. Heavy pasture contamination (lots of infective larvae on pasture) can also cause animals to become wormy quickly. Animals should be rotated to a new pasture.

This is often a problem with hobby farmers who have only one pasture. When there is a lot of summer rain, infective larvae accumulate on pasture. The producer needs to find some other place to put his/her goats on for at least two months while infective larvae die off. Maybe, he/she can find an overgrown pasture that a neighbor owns. The best thing is to cruise the neighborhood and look for an overgrown area that has chain link or other fencing that will keep goats in; seek to access it.

Then, we need to think about dewormer resistance as a possible cause. We use FAMACHA© to reduce the rate of development of dewormer resistance. However, dewormer resistance can still develop. The most common source of dewormer resistance is new animals: the new elite doeling or ewe that you acquire. The seller wouldn't admit that she is carrying worms and surely wouldn't tell you they were highly resistant worms, even if he/she knew. Resistant worms will spread despite FAMACHA©, but at a slower rate than if everything was blanket dewormed. It is very important to deworm new animals coming onto your place with different classes of dewormer and check the fecal sample a week or two

later to make sure that you have killed all the worms.

Liver flukes are parasites that eat their way through the liver, consuming blood and causing bleeding and persistently high FAMACHA© scores. Most dewormers do not kill liver flukes, with the exception being Valbazen® which kills adult liver flukes and the Clorsulon in Ivermec Plus which kills immature and adult liver flukes. Fluke eggs are generally not found in the feces until the infection has been going on a while. Also the traditional fecal flotation methods will often not detect fluke eggs. There are specialized tests for detecting fluke eggs. Your local veterinarian will know whether flukes are common in your area (liver flukes affect virtually all livestock species and humans) and should be able to advise on the best method to control them in your area.

Sucking lice can also cause anemia, especially in young animals. The dewormers Ivomec®, Eprinex® and Cydectin® will control sucking lice if they were used. Coccidiosis can also cause anemia. Without a fecal examination, it is difficult to determine if diarrhea is caused by worms or coccidia or both. Wormy animals are susceptible to coccidiosis and animals may need to be treated for coccidiosis to recover from worms.

A lesser cause of persistent anemia is Johne's disease, a chronic bacterial disease that causes animals to waste away. The incidence seems to be increasing in goats, maybe because we are now aware of it and look for it more. The disease is most common in dairy cows with lower incidence in other animal species. The major symptom of the disease is a skinny animal that has anemia that continues to lose weight and stay anemic until they die. The animals often eat well, but have a rough hair coat and flaky skin. This is an infectious disease caused by a bacteria type of organism. More information can be found at <http://www.johnes.org/goats/faqs.html>.

Source: American Consortium for Small Ruminant Parasite Control (ACSRPC)

## Hobby or For-Profit ?

by Paul Goeringer  
Research Associate & Extension Legal Specialist  
University of Maryland

I do not set myself out to be a tax expert, but at times I attempt to explain some aspects of tax law. Today we are going to discuss when you can take a business expense deduction on your taxes for your farm businesses. On the other hand, hobby losses and expenses from hobbies cannot be deducted from your income taxes (wouldn't we all like to deduct expenses from our favorite pastimes on our taxes?). But when a business is considered a business and when it is considered a hobby is an issue the U.S. Tax Court has dealt with repeatedly.

According to the 2012 Census of Agriculture, 61.5 percent of all Maryland farm operators (and 62.2 percent of all U.S. farm operators) work off the farm in some capacity. Many agricultural producers may have full time off-farm jobs and only farm on the weekends or use vacation days to manage the farm. Having a full time off-farm job does not automatically qualify your farm as a hobby (although to many of you it may be both a business and a hobby). The Internal Revenue Service (IRS) has developed factors to determine if the activity is a business or a hobby.

To aid you in understanding the factors, let's look at a recent Tax Court decision in *Metz v. Commissioner of Internal Revenue* (T.C. Memo. 2015-54). In *Metz*, the Metzses had started an Arabian horse farm in 1991 in Sioux City, Iowa, then moving to Naples, Florida, and finally to Santa Ynez Valley in California. Each move was designed to put the Metzses in a better market to sell their horses. In its years of existence, however, the Metzses' farm was never profitable. Because of the annual losses, the IRS determined the farm was a hobby and not a business and disallowed numerous deductions. This decision was overruled, however, by the U.S. Tax Court, and we will look at why.

Before we list the Tax Court's determining factors, it's important to note that numerous Tax Court and Federal court decisions point out that the business does not have to make a profit, only that the taxpayer run

the business in an honest way to potentially make a profit. Factors to consider that the business was being run to potentially make a profit are:

1. Manner in which the taxpayers carry on the activity;
2. Expertise of the taxpayers or of their advisers;
3. Time and effort expended on the activity;
4. Expectation that assets used in the activity may appreciate in value;
5. Success of the taxpayers in carrying out other similar or dissimilar activities;
6. History of income or losses with respect to the activity;
7. Amount of occasional profits, if any, from the activity;
8. Financial status of the taxpayers; and
9. Any elements of personal pleasure or recreation. (Metz, 1-2).

These nine factors are applied focusing on the taxpayer's subjective intent, and IRS does not substitute a reasonable person standard or their own business judgment in evaluating the factors.

Looking at factor 1, the tax court found that the Metzses kept business records and hired an accountant to help with the financials. The accountant also helped reconcile potential comingling of personal and business expenses. The Metzses hired a law firm with experience in the Arabian horse market to help with sales, had a well-developed business plan, had professional advertising and marketing materials, horse-by-horse tracking, and regularly adopted new techniques to help improve the business. The court saw all these factors weighing in the Metzses' favor.

Looking at the Metzses own and their advisors' expertise, both parties had developed an understanding of the Arabian horse industry, were in positions of leadership with Arabian horse associations, and prior to that had mentored other experienced Arabian horse stable operators. The Metzses also hired numerous experts to help them in running the business. The tax court saw all this weighing in

*(Continued on page 11)*

## Hobby or For-Profit? (continued from page 10)

the Metzses favor. Looking at the time and effort expended on the activity, the Metzses were basically fully employed by the operation and the tax court also agreed this weighed in their favor.

Other factors which weighed in the Metzses' favor were the expectation that assets used in the operation may appreciate in value; the record showed the Metzses did believe this. Mr. Metz had a history of turning around a previously unprofitable company and that experience was well suited here. The yearly losses were understandable based on the world Arabian horse market.

Looking at the financial status of the Metzses, before 2008 it could be argued they were using the farm to shelter gains in other investments, but after 2008 the Metzses had been wiped out. The Metzses continued the farm despite losing all their money, and ended up investing a large portion of their income in the farm. This factor weighed in the Metzses' favor according to the Tax Court.

The final factor is "personal pleasure or recreation." Here, the court points out, the more pleasure you get in activity the more likely it is to be a hobby and not for profit. This does not mean you have to loathe an activity for it to count as for profit. Here the IRS thought that since the Metzses attended numerous horse shows and riding horses the activity was more for pleasure than for profit. The court found that horse farms owners do regu-

larly attend horse shows and ride horses. There were enough non-pleasurable activities in operating the farm which did not render the farm a hobby. To sum up, the Tax Court disagreed with the IRS and ruled the Metzses' horse farm was not a hobby and was intended to make a profit.

### Why Should You Care?

There is no exact formula as to when a business will be found a hobby or for-profit. For the vast majority of you, this will not be an issue and your farm will clearly be a for-profit business. But issues arise when you have an off-farm job with a high salary and a farm which consistently loses money, making it appear you are only using the farm to hide income from other sources. If you have concerns, remember to talk with your accountant to make sure you are keeping the necessary records to ensure that your farm will be considered for-profit and not a hobby.

*This article should not be construed as legal advice or tax advice.*

Source: Maryland Risk Management Education Blog

### References

26 C.F.R. §§ 1.183-1 to 1.183-2 (2015). 26 U.S.C. § 183 (2015). Metz v. Comm'r of Internal Revenue, T.C. Memo 2015-54 (T.C. 2015).

## New Animal Science Department Head at Maryland



The Department of Animal and Avian Sciences at the University of Maryland College Park (UMCP) has a new chair. It is Dr. Chad Stahl. Dr. Stahl took over the reins on June 1st. He succeeds Dr. Tom Porter who served as Chair of the Department of Animal and Avian Sciences for eight years.

Stahl most recently worked at North Carolina State University where he served as a Professor in the Department of Animal Science. Stahl had worked at NC State University since 2007 and before then was an assistant professor in the Department of Animal Science at Iowa State University. Originally from southern New Jersey, Stahl earned a bachelor's degree in animal science from NC State, as well as a master's and Ph.D. in animal science from Cornell University. His research focuses on developmental nutrition primarily utilizing the pig as a model species.

Stahl was attracted to the University of Maryland because of its "atypical" Department of Animal and Avian Sciences. He looks forward to hiring additional faculty to help the department increase in national prominence.

Source: AGNR News



## Calendar Of Events

### November 5-7

North American Dairy Sheep Symposium and cheese-making workshop  
University of Wisconsin, Madison, Wisconsin  
Info: [www.dsana.org](http://www.dsana.org)

### December 5

2015 Lambing & Kidding School  
North Harford High School, Pylesville, Maryland  
Info: Susan Schoenian at (301) 432-2767 x343 or [sschoen@umd.edu](mailto:sschoen@umd.edu)

### January 14-16

Future Harvest CASA Conference  
College Park Marriott Hotel & Conference Center, College Park, MD  
Info: <http://www.futureharvestcasa.org/conference/2016-conference>

### January 27-30

American Sheep Industry Association Annual Convention  
Scottsdale, Arizona  
Info: [https://www.sheepusa.org/About\\_Events\\_Convention](https://www.sheepusa.org/About_Events_Convention)

### February 3-6

PASA Farming for the Future Conference  
Info: <http://conference.pasafarming.org/>

### February 4-March 3

Winter Webinar Series: Special Topics  
7 p.m. EST - <https://webmeeting.umd.edu/mdsheepgoat>  
Info: <http://www.sheepandgoat.com/#!/webinars/cu81>

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