Kentucky when the product we need can be raised, baled, and sold right in our home state. We are paying exorbitant prices for hay coming from the west and mid-west because of the high transportation cost. We are forced to take inferior hay from Ohio and Indiana because we simply can't get the quantity we need locally. At Spendthrift we stand 44 stallions that represent in excess of $170 million dollars. We are raising for ourselves, as well as our clients, yearlings that will be marketed at that select Keeneland, Fasig-Tipton of Kentucky, and Saratoga sales each summer. We are seeing yearlings selling in excess of $1 million dollars routinely. Just this last fall we sold one mare for $1 million dollars and another for $950,000. The million dollar mare is becoming commonplace. With these staggering figures and the tremendous value placed on thoroughbred horses, how can we continue to knuckle under to hay producers that are providing us with an inferior product, that being a low quality hay? Certainly something can be done about this. Where there is a need, there certainly has to be somebody that can supply the demand.

In summary, I would like to emphasize that the horsemen in central Kentucky have a tremendous need for high quality, clean, dust-free, non-toxic, well-made alfalfa hay. The need is great. If the farmers in the state of Kentucky can raise this kind of hay and market it at competitive prices, I feel sure they can sell every bit of it without having to go over the state line. I can assure you we will be the first ones on your list of consumers.

Thank you.

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DEVELOPMENT OF LOCAL HAY ASSOCIATION

Roger Sparrow, Farm Consultant, Morrison Farm Service
Eric Hinton, Producer, Bold Venture Farm
J. H. Ragland, Producer, Bold Venture Farm
Hodgenville, KY

The need for a Hay marketing "system" had been obvious to key sellers and agricultural leaders in Larue County for some time. Five or six hay producers had been selling mainly alfalfa hay to truckers, who would transport the hay to a buyer and reap the profit. Hay was mostly sold by the bale and at a low price. Given these conditions, the development of a local Hay Marketing Association was a good alternative which we pursued.

The Larue County Hay Association was formed in the fall of 1978 by six farmers and with help from J. Kenneth Evans, Agronomy Specialist, University of Kentucky College of Agriculture and Roger Sparrow, at that time the County Agricultural Agent. This group soon found that the development of a systematic approach to grade, price and sell alfalfa was not an easy task. The group learned of the proposed hay standards which were being developed by scientists from USDA, Beltsville, Md. and the University of Wisconsin. The standards were adopted by the Hay Association and today form the basis for the present grading system. They are:

<table>
<thead>
<tr>
<th>Market Grades</th>
<th>% Crude Protein</th>
<th>% ADF</th>
<th>% NDF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>above 19</td>
<td>below 31</td>
<td>below 40</td>
</tr>
<tr>
<td>2</td>
<td>17-19</td>
<td>31-35</td>
<td>40-46</td>
</tr>
<tr>
<td>3</td>
<td>13-16</td>
<td>36-41</td>
<td>46-51</td>
</tr>
<tr>
<td>4</td>
<td>below 13</td>
<td>above 41</td>
<td>above 51</td>
</tr>
</tbody>
</table>

The key to our system is knowing the quality of the hay we have to sell. An analysis is required for all hay sold through the Association. The analysis is really for both the buyer's and the seller's benefit. The test or analysis tells you the quality of the hay. With the analysis you are better able to price the product and know that the buyer will get good livestock performance from feeding the product.

All hay that is to be sold through the Association is sampled by taking core samples from each lot of hay. These samples are presently sent to a private lab in Missouri. The hay is tested for crude protein, acid detergent fiber, neutral detergent fiber and moisture. Any hay which has a musty odor, moldy appearance
or excessive foreign matter is not allowed to be sold. The analysis results place that lot of hay in a certain grade which has a predetermined price based on supply and demand, and current costs of other protein and energy sources.

At the start of each selling season, each farmer draws for selling position within each grade. This drawing determines selling order for one load of hay. The rotation provides a fair way to sell and the uniform grade provides the buyer with the same quality hay. The Hay Association meets monthly during the selling season and has an elected President, Secretary and Treasurer. Roger Sparrow is the Coordinator for the Hay Association and is responsible for hay sampling, correspondence with buyers and total coordination of the seller, trucker and buyer. The Hay Association contracts with a trucker each season, to haul all of our hay for so much a loaded mile. The driver is available on 24 hours notice.

During the 1978-79 season 171 tons of alfalfa hay were sold. The customers ranged from horsemen to dairymen with the majority of the hay going to Southern dairymen. Since that first selling season, we have moved 435 tons in 1979-80 and 588 tons in 1980-81. We have grown to a present membership of 14 producers.

We feel our success can be attributed to our grading system based on an analysis and complete coordination and communication between seller, trucker and buyer.

The Hay Association has an annual membership fee plus a small percentage charge which is collected from each load sold. The percentage charge is used for office supplies, advertising and fees of the coordinator. The Hay Association contracts with a trucker each season, to haul all of our hay for so much a loaded mile. The driver is available on 24 hours notice.

Prior to 1883, packing, shipping and hauling hay was an irregular business. There was no established custom to govern, and every transaction was typical of the parties engaged in it. The hay crop had become the leading agricultural product in value, and its importance commercially was appreciated. The hay leaving the farm had steadily increased, but trade did not offer much encouragement for businessmen of methods, or the capitalist to embark in the business, was apparent to every thinking person that for the proper development of so important an industry it was necessary in the interest of the producer as well as all others dependent upon it that there should be a strict application of regular business methods in order to counteract many of the handicaps on the business and to control those who needed control.

There were some men in the hay business who held this view. Willis Bullock, of Canajoharie, New York published the HAY TRADE JOURNAL. Through its columns he repeatedly urged reforms and suggestions for the improvement of trade conditions. He felt the responsibility to put some of the reforms he had continuously and earnestly advocated to use.

Early in 1893 he invited a number of hay dealers residing in the state of New York to meet at Syracuse. He later included a few dealers from other states to join them. Fifty hay dealers attended. The reason for the meeting was intended to cultivate a more friendly feeling and to discuss matters pertaining to the hay trade. Interest was added by the exhibition of bales of hay furnished by the shipper in attendance. The bales were opened and all present were given an opportunity to express their opinion regarding the quality. The immediate result was clearly demonstrated that there was a wide difference of opinion - mainly because there had been no opportunity for conference. This made it apparent some form of organization was necessary. Semi-annual meetings were held at Syracuse.

The Association soon became generally known because of its beneficial influence. Willis Bullock, who had done so much to bring these representatives of the hay trade together was convinced of the necessity for a national association. He visited many cities in order to obtain the views of hay dealers in regard to the formation of a larger and stronger organization. He issued a circular calling a meeting late in 1894. The time...