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March 11, 2008

Senator Jim Vickerman, Chair
Agriculture and Veterans Budget and Policy Division
226 State Capitol
St. Paul, MN 55155

Representative Al Juhnke, Chair
Agriculture, Rural Economies and Veterans Affairs Finance Division
485 State Office Building
St. Paul, MN 55155

Representative Mary Ellen Otremba, Chair
Agriculture, Rural Economies and Veterans Affairs
445 State Office Building
St. Paul, MN 55155

Regarding: Senate File 2704 and House File 2942: Livestock Grant Program

Dear Sen. Vickerman, Rep. Juhnke and Rep. Otremba:

The Land Stewardship Project believes that more farmers raising livestock is a critical component of vibrant rural communities and sustainable agriculture. Through our policy work and programs, such as our Farm Beginnings program, we work to increase the number of livestock farmers in Minnesota. State legislation that supports both established and beginning livestock farmers is important. As one of the founding members of the Citizen Task Force on Livestock Farmers and Rural Communities, along with Minnesota Farmers Union, Minnesota National Farmers Organization and the Sustainable Farming Association, we outlined a comprehensive approach for supporting livestock farmers in our report, "Creating a Bright Future for Livestock Farmers in Minnesota."

The Land Stewardship Project supports the concept of a livestock grant program that is structured so that 1) it is available to the majority of small to medium-sized producers and 2) it does not favor one type of production system over another. This is in keeping with a key provision of our 2008 State Policy Platform, which is attached to this letter.

Senate File 2704 and House File 2942 propose a livestock grant program that requires an expenditure of \$40,000 in improvements to receive a grant of 10% of that expenditure with a cap of \$500,000 of spending on the eligible expenditures. This \$40,000 threshold would put the program out of reach of a substantial number of family farmers raising livestock in Minnesota. Secondly, the bill does not include expenditures on pasture development, thus treating this method of livestock production unfairly.

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LSP proposes two amendments to address these concerns:

1. Reduce the qualifying expenditure amount from \$40,000 to \$4,000 or 10% of a person's net income from farming whichever is greater. Many livestock producers could make substantial improvement to their operations with \$4,000, including retrofitting a dairy parlor. Secondly, tying the amount to net income helps ensure that those that need the assistance most, get it.
2. Allow one-time expenditures for establishing or improving pasture. Language to accomplish this has been part of the Dairy Investment Tax Credit as proposed in past legislative sessions and has received bi-partisan support.

We understand that there may be a proposal to reduce the qualifying expenditure to \$20,000 and allow farmers up to 3 years to reach that threshold. That is a step in the right direction but we believe that number is still too high and would exclude too many small to medium-sized producers who make significant improvement on their operation for less than \$20,000. Also, as the funds are delivered on a first-come first-served basis, there is the concern that those making large expenditures early will draw down the available funds. This could mean that once small and medium-sized operators reach the \$20,000 threshold there may be no funds left.

We are not proposing amendments that favor small to medium-sized producers or sustainable agriculture, merely ones that treats them equally. We look forward to working with each of you to address these issues and to passing legislation that works for all Minnesota livestock producers

Sincerely,
Land Stewardship Project State Policy Committee



From 2008 LSP State Policy Platform

State incentives should give equal treatment to family farmers, including those who are using sustainable and organic systems. Tax credits, grant programs and payment incentives for farmers should give equitable treatment to family farmers and sustainable farming practices. For example, a Dairy Investment Tax Credit should include credits for expenditures on pasture development and on-farm processing. Incentives should not be triggered by expenses that are beyond what small- to medium-sized farmers would spend to improve their farming operations. The state must be careful to ensure that incentives are not tilted towards the largest producers, thus creating an uneven playing field.

LSP's full State Policy Platform is available at:

www.landstewardshipproject.org/pr/08/state_policy_platform.pdf

The Citizen Task Force on Livestock Farmers and Rural Communities' report "Creating a Bright Future for Livestock Farmers in Minnesota" is available at:

www.landstewardshipproject.org/pdf/citiz_task_report.pdf