



October 8, 2021

Chair Mike Sundin  
House Agriculture Finance and Policy Committee  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155

Dear Chair Sundin and members of the committee:

On behalf of Minnesota Farmers Union (MFU), I thank you for holding a hearing to discuss this year's historic drought. For many family farmers, the situation remains extremely challenging, with difficult decisions still ahead. Action to provide targeted relief and support long-term resilience is needed.

This summer, nearly 80 percent of Minnesota faced severe drought conditions that stunted the growth of conventional and specialty crops, dried up water sources for livestock and deteriorated pasture used for haying and grazing. At present, nearly half the state remains in a severe drought. Traveling for MFU County Conventions this fall, I heard firsthand the toll this has taken on not only farm operations and livestock, but also farmers and their families. MFU members who raise livestock or milk cows were forced to sell off breeding stock at a loss, simply because they could not find feed. And many small fruit and vegetable growers are struggling to plan ahead after losing much of this year's crop to the heat.

All of this is made more challenging by the fact that so much of the western United States is facing similarly awful drought conditions, and that is coming on the heels of COVID-19. There are actions you can take in the near term to help.

First, I want to express our strong support for Governor Walz's drought proposal he announced last month. His plan to **approve new 'rapid response grants'** reflects a request we extended earlier this summer and will help livestock and specialty crop producers adapt and remain resilient. These grants should be swift to administer, easily accessible, and with no or limited cost share. **Specific needs that should be eligible for grants include:**

- **Hauling and testing feed and forage** – many producers are feeding new rations and transporting them long distances at a significant cost.
- **Transporting livestock, installing fencing, dredging livestock ponds, and installing waterers** – finding additional grazing land is challenging and it is often a long distance away and without the necessary infrastructure for introducing livestock.
- **Installing livestock waterers** – both for producers who are moving to new grazing and for those whose water source has dried up.
- **Drilling new wells, hauling water, and installing irrigation** – for fruit and vegetable growers, lack of on-site water equipment can be a significant challenge. Not only that, but for some their wells have run dry.

We also strongly support the Governor's plan to **increase funding for the Rural Finance Authority's (RFA) Disaster Recovery Loan Program**. This program provides zero-interest loans to farmers who are struggling to recover from losses, including those not covered by insurance. Demand for the program has increased this fall and it is important to make sure the Department has funding to take new applications.

Second – and in addition to the Governor's proposal – we ask that you consider additional reforms and investments to help farmers weather this drought and remain resilient in the face of future challenges. Some that we support include:

- **Expanding eligibility for RFA loans**, and in particular the Disaster Loan Recovery Program. Requirements that farmers have never declared bankruptcy and lack of an online application form both limit participation from farmers who would benefit from this program. In addition, the requirement that farmers demonstrate having received 50 percent average annual gross income from farming for the past three years prevents many farms from accessing funds.
- **Supporting drought resiliency planning** at Farm Business Management (FBM) or UMN Extension, particularly for livestock producers. In western states, for example, it is common for livestock grazers to have drought contingency plans that help farmers quickly implement changes to herd size, rations, and breeding. The state could support specialists that help farmers develop and update operation-specific plans that can help them more effectively pivot in the face of future extreme weather conditions.
- **Support a specialty crop irrigation specialist** at UMN Extension to help develop and implement recommendations for fruit, vegetable, flower and other specialty crop producers. The state's support of a specialist for crop irrigators has helped producers plan irrigation schedules, monitor soil, and otherwise manage their operations successfully. The state could build on this model to support specialty crop producers who rely on other irrigation technology.
- **Leveraging food dollars to purchase culled livestock**. The state purchases protein to help meet the need at food shelves across the state. The state could work with partner organizations and local meat lockers to purchase cull cows and other livestock directly from farmers, helping farmers earn a fair price, supporting local and regional processors, and providing Minnesota families with nutritious, locally-sourced meat.
- **Support partner organizations and governments**, like the Hmong American Farmers Association (HAFA), Latino Economic Development Council (LEDC) and the state's 11 tribal nations – in providing relief Black and Indigenous farmers and farmers of color. While your support has helped the Minnesota Department of Agriculture (MDA) take steps to learn from and support emerging farmers, many will still more easily access relief through a partner organization with whom they already have a relationship.
- **Help small specialty crop and livestock farmers purchase insurance**. A program that helps small and mid-sized livestock and specialty crop farmers get started with Risk Management Agency (RMA) programs could be modeled after the Dairy Assistance, Investment, and Relief Initiative (DAIRI) the legislature funded in 2019. Disruptions due to COVID-19 and the drought hit many direct-market farmers hard and they often don't have affordable coverage options.

Third, we believe that farmers who have been hurt by this drought would benefit from a targeted tax bill. While this effort is outside of your committee's jurisdiction, I know it would benefit from your support and leadership. Ag provisions we support in a tax bill include:

- **Eliminating or suspending the sales tax on fencing equipment.** Throughout the drought, farmers purchased temporary and permanent fencing equipment to help them access more acres for their livestock to graze. Unlike many categories of agricultural equipment, fencing is not exempted from sales tax, making it more difficult for farmers to make these investments. Going forward, this exemption would help farmers practice intensive grazing, graze cover crops, and make other management changes that will improve soil health and make their operations more resilient.
- **Expanding the Beginning Farmer Tax Credit (BFTC)** by allowing family members to use the credit to assist in generational farm transition, doubling the credit for sale of agricultural assets to socially disadvantaged farmers, and adding an online application. Farmers whose finances have been stressed by the drought and are considering selling livestock, equipment, or land would be able to use this credit to broker a fair price. And an expansion would encourage transition to new and emerging farmers instead of land being consolidated into larger operations. The state could also increase the credit for sale of agricultural assets overall.
- **Providing targeted tax relief for farmers who sold livestock** due to the drought. Because there was not enough grazing land or feed, many producers were forced to sell off breeding stock at a loss. While this will put many operations at a severe disadvantage over the long-term, the earnings from the sale will make it look like this was a profitable year, prompting a significant tax bill.

Finally, it is important not to lose sight of the fact that farmers in Minnesota are going to continue to be challenged by the effects of climate change. While drought cycles have always been a part of agriculture, there is no question that weather events are becoming more frequent, extreme, and costly for farms and other businesses across the state. To help farmers remain resilient and play their part in mitigating the worst effects of climate change, we support investments in soil health, development of on-farm renewable energy, expanded use of biofuels, investments in crop breeding, and other initiatives that will make family farms more resilient to the change we know is coming.

We hope these requests and ideas are constructive and inform your action on the drought. We appreciate your partnership in this and your hard work to date. If you have any questions, please contact our Government Relations Director, Stu Lourey, at [stu@mfu.org](mailto:stu@mfu.org) or (320) 232-2047 (C). Thank you for considering the needs and perspectives of Minnesota's farm families.

Sincerely,

A handwritten signature in black ink that reads "Gary Wertish". The signature is written in a cursive style with a large, prominent "G" and "W".

Gary Wertish  
President, Minnesota Farmers Union

CC: Commissioner Thom Petersen, Minnesota Department of Agriculture