



THE OHIO STATE UNIVERSITY

COLLEGE OF FOOD, AGRICULTURAL,
AND ENVIRONMENTAL SCIENCES

Proponent Testimony for Senate Bill 241

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Barry Ward

Director of Income-Tax School and Leader, Production Business Management
Ohio State University Extension

Chair Wilson, Vice Chair Hottinger, Ranking Member Maharath, and members of the Senate Financial Institutions & Technology Committee, my name is Barry Ward and I serve as the Director of the Income-Tax School and Leader of Production Business Management in Ohio State University (OSU) Extension. Thank you for allowing me the opportunity to deliver proponent testimony for Senate Bill 241, and to speak of its relevance to Ohio's agricultural producers.

The efforts I lead in OSU Extension, the Income Tax School and Farm Management Program, are a part of a larger menu of programs offered through Extension's Farm Office – a one-stop shop for farm owners and operators, ag businesses, other supporting financial and legal professionals in need of assistance in navigating the legal and economic challenges of agricultural production. The Farm Office provides specialized programming in developing enterprise budgets, analyzing farm profitability, assessing commodity markets, interpreting agricultural and environmental laws, and planning operations around federal Farm Bill program guidelines.

Many are aware of the numerous challenges currently facing the food and agricultural sectors in Ohio and throughout the greater U.S. One challenge that our OSU Extension specialists and county educators frequently encounter in their work are farmers grappling with higher costs for inputs that their operations depend on to be profitable.

Though 2022 field crop prices are expected to be high, production costs including fertilizer, seed, chemicals, fuel, and machinery are forecasted to be higher compared to last year, likely decreasing farm profit margins to levels lower than 2021 margins. According to the Food and Agricultural Policy Research Institute at the University of Missouri, which is looked to by the U.S. Congress and other government entities for providing objective, quantitative analyses of agricultural markets, seed prices for corn alone are expected to increase by roughly 8-10% next year. This comes with a likely increase in fertilizer costs of \$28/acre for corn and \$8/acre for soybean from the previous year. The proposed changes to the Ag-LINK program in SB 241 will help farmers in managing these challenges.

SB 241 and the Ohio Treasurer's Ohio Gains Initiative proposes practical updates to Ag-LINK, which is the Treasurer's most popular linked deposit program and is intended to help farmers and agribusinesses finance upfront operating costs. HB 440 modernizes the Ohio Treasurer's Ag-LINK program by eliminating the current \$150,000 loan cap, permitting the Treasurer's office to instead determine individual loan amounts consistent with the needs of the market. This change not only better serves farmers who need affordable financing, but brings the Ag-LINK program into uniformity with the rest of the Treasurer's linked deposit programs.

SB 241's inclusion of co-ops as eligible organizations is also a welcomed change. Ohio currently has nearly 60 agricultural and food cooperatives supporting an estimated 7,017 full-time, part-time, and seasonal jobs in Ohio, and generating about \$1.5 billion in economic output.

The College of Food, Agricultural, and Environmental Sciences' Center for Cooperatives provides cooperative education throughout Ohio to raise awareness of the co-op model as a potential solution for challenges facing communities and to develop the skills of co-op founders and leaders. Proposed co-op eligibility would provide opportunities for this center to better broadcast the Ag-LINK program to interested cooperatives it works with.

In conclusion, the Farm Office and OSU Extension at large, in alignment with the university's land grant mission, will continue to provide demand-driven programming to agricultural and rural stakeholders so that they can develop productive and financially resilient enterprises. We recognize the benefits SB 241 will have on Ohio agriculture, and OSU Extension stands ready to support the bill's efforts through our future programming.

Thank you, Chair Wilson, and members of the committee for allowing me to provide this proponent testimony. I am happy to answer any questions that you may have.