

Ohio House Finance Committee
Proponent Testimony
Scott Higgins, CEO
Ohio Dairy Producers Association
House Bill 33
April 20, 2023

Chairman Edwards, Vice Chair LaRe, Ranking Member Sweeney, and members of the committee—thank you for the opportunity to testify on behalf of House Bill 33, and specifically requesting the support of an amendment to change how we fund our Dairy Division at the Ohio Department of Agriculture.

My name is Scott Higgins and I am the CEO of the Ohio Dairy Producers Association (ODPA). By way of background, the ODPA is a grassroots legislative, research, and producer education organization, representing dairy farmers from across the state, regardless of farm size, breed or production strategy, marketing preference, or political affiliation.

Ohio is home to 251,000 dairy cows that live on 1,450 farms and produces 5.6 billion pounds (that's 653 million gallons) of milk annually, valued at just over \$1 billion and dairy farms create an economic impact in excess of \$4 billion. The average herd size is 173 cows. Ohio is ranked 11 in total milk production in the nation, and 5th in the number of processing and receiving plants. The total economic impact of dairy products produced and sold in Ohio is \$30.6 billion, which generates 133,200 jobs for Ohioans. And as a fun fact, Ohio is #1 in Swiss cheese and #2 in lowfat cottage cheese production in the nation.

Before I get into the details of the amendment, I want you all to know that Ohio's dairy industry values the role of the ODA Dairy Division and takes great pride in the quality and talent of their leadership. They do a great job working with our dairy processing community to assure that the dairy products entering the marketplace are safe for consumption. Food safety is not negotiable, and the entire dairy industry is committed to producing, processing, packaging, and marketing safe wholesome dairy foods.

While we support many provisions in HB 33, I am here today on behalf of Ohio's dairy industry to discuss an amendment to eliminate the milk processor, milk producer, and milk hauler's inspection fees, and replace with GRF. The elimination of the fee will help retain and attract new dairy processing facilities that contribute to the agricultural economy in the State of Ohio. As you will see from the attached chart, Ohio is an outlier in comparison of fee structures with surrounding states that we compete with every day. These fees are a barrier to attract new dairy processors and food manufacturers to Ohio and an impediment to retaining the processors we currently have in Ohio.

State	Monthly	Yearly
Ohio	\$146,000.00	\$1,752,000.00 (FY23)
Kentucky	\$0	No fee
Michigan	\$	Varies on size, but not more than \$1600 a year for the largest facility
Indiana	\$0	No fee
Pennsylvania	\$0	No fee
West Virginia	\$0	No fee
New York	\$	Varies on size, but not more than \$7500 a year for the largest facility

The Dairy Division has regulatory oversight relative to milk producers, milk haulers and dairy processors. Eliminating a noncompetitive fee will encourage dairy processing and manufacturing businesses to stay in Ohio. Consumer demand for new innovative dairy products is on the rise in America and Ohio needs to position itself to be a state that is economically inviting for dairy companies to select Ohio to build and produce those new dairy products in.

Ohio's dairy farmers need successful processors and manufacturers located in Ohio. Ohio's dairy farm families will benefit from the increased need for milk production to meet the new demand for dairy products processed and manufactured in Ohio. If we do not adjust, and dairy processing facilities shut down their older structures in Ohio in exchange for new facilities in other states, dairy farmers lose their market and Ohio loses economically.

As you can see, Ohio has much higher fees than any other surrounding state, making Ohio an outlier, and creating a disadvantage when competing with surrounding states.

Each year Ohio loses in excess of 100 dairy farms who are unable to sustain the economic challenges and these farm closures are having a negative impact on the rural communities that rely heavily on food production. We respectfully request the support of this committee and Ohio's legislature to change the way our dairy program is funded.

Again, thank you for the opportunity to be with you today and I would be happy to answer any questions you may have.