

# ROBERT SPRAGUE

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OHIO TREASURER

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## Joint Legislative Agriculture Committee

### Testimony from Ohio Treasurer Robert Sprague regarding the Ag-LINK program and recent legislative reforms

Tuesday, August 1, 2023

Chairman Creech, Chairman Schaffer, and members of the Joint Legislative Agriculture Committee, thank you for allowing me to join you today to provide an update on the Ag-LINK program.

Since 1986, this program has supported Ohio's farm community and helped industry professionals to drive down the cost of borrowing. At its core, Ag-LINK provides interest rate reductions on new or existing loans, which helps borrowers to finance upfront costs for things like feed, seed, fertilizer, fuel, and equipment.

Though farmers have been turning to Ag-LINK time and again for nearly 40 years, recently enacted programmatic reforms have successfully overhauled the program to make it much more relevant and impactful amid today's economic environment. However, these reforms were no small undertaking. They required several months of socialization and input-gathering from Ohio's Ag community, and they certainly would not have become a reality without the steadfast support of legislators like all of you.

Going back to 2021, national economic challenges like inflation and rising interest rates began to take root – creating new and unwelcomed challenges for farmers across the Buckeye State. Around that same time the Treasurer's office went on the road to visit with farmers and industry leaders across the state. Time and again, we heard of the new financial stressors gripping our Ag community. Countless stories of skyrocketing costs and supply chain shortages that tightened margins and made the future uncertain for the same men and women who literally put the food on our families' tables.

These conversations, in large part, led to our Ohio Gains initiative, an overarching reforms package designed to modernize certain investment strategies to strengthen our state's financial picture for the years ahead.

Introduced in the form of House Bill 440, which was passed unanimously by both chambers and later enacted, our Ohio Gains legislation made three key changes to the long-standing Ag-LINK program.

First, we moved from an annual application window that was open for just a few months to a new year-round application period, so that borrowers have access to low-cost capital whenever they may need it. Next,

we removed the outdated, statutory cap on loan size that no longer fits farmers' modern borrowing needs. Now, the Treasurer's office can react to ever-evolving market conditions and adjust the cap as needed. And finally, we expanded program eligibility by adding agricultural co-ops to the list of eligible borrowers.

Today we are just 16 months removed from the passage of HB 440, but I am happy to report that these reforms have already made a profound impact on the Ag-LINK program and those who use it.

In 2022, we set a new single-year record as Ohio's farmers, agribusinesses, and co-ops saved more than \$2.3 million through Ag-LINK. During that same period, the program was used to enhanced more than \$350 million in loans, which is more than triple the amount of the highest previous year – marking yet another record.

However, as high interest rates from the Fed continue to raise costs, Ag-LINK is proving even more beneficial and significant in 2023.

In just the first six months of 2023, we have already set a new single-year record for savings made possible through Ag-LINK. From January through June of the current year, total savings under the program have registered at upwards of \$5.4 million for Ohio's agricultural community. Simply put, in just six months we've more than doubled the new 12-month record that was set in 2022.

Of course, such immediate success was only made possible through the support and partnership of the General Assembly. By working together, the Treasurer's office and the legislature managed to take a well-known and time-tested program like Ag-LINK and make it new in order to better serve our state's Ag industry.

As we continue to monitor current economic conditions and analyze utilization of the revamped Ag-LINK program, we look forward to future opportunities to come before you to provide periodic updates about this important program.

Again, I want to thank you for your ongoing support of Ag-LINK and Ohio's agricultural community.