

House Finance Committee
Scott Higgins
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Proponent Testimony for House Bill 643
May 22, 2018

Chairman Smith, Vice Chair Ryan, Ranking Member Cera, and members of the committee—my name is Scott Higgins and I am the Chief Executive Officer for the Ohio Dairy Producers Association (“ODPA”).

I want to thank you for the opportunity to testify as a proponent to House Bill 643 on behalf of Ohio’s dairy farmers, and the ODPA. We appreciate that this committee is taking the time to prioritize water quality efforts in the Western Lake Erie Basin—especially the focus on reducing total phosphorus and dissolved reactive phosphorus in the sub-watersheds of the WLEB. I look forward to sharing the dairy industry’s position and look forward to working with you and offering any direct insights from dairy producers on HB 643 and any other matters important to our industry.

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.

There are 2,200 dairy farms in Ohio, with 270,000 cows. The average herd size is 98 cows. Our dairy farmers produce more than 650 million gallons of milk annually and create over 16,000 jobs. Ohio is #1 in Swiss cheese production, #2 in lowfat cottage cheese, #3 in sour cream, #4 in hard milk sherbert, #5 in dairy products manufacturing plants, #8 in ice cream, #10 in all cheese production, and #11 in total milk production. Ohio Dairy farmers contributed an average of \$2.23 billion annually in output to Ohio, and generated an annual average of \$463 million in earnings.

However, those impressive statistics also come with many challenges. Dairy producers are “price takers” not “price makers”. Currently, we are experiencing extremely low milk prices, uncertainty and highly competitive export markets, and additional regulatory issues around water quality have created a challenging environment for Ohio’s dairy farm families. All new regulations come with a price tag, and we are still experiencing and working to get industry insights on the impacts of Senate Bill 1 from the 131st General Assembly. Additionally, while many of Ohio’s agricultural commodities are increasing in the number of operations, Ohio dairy farm numbers continue to drop. The recent agricultural statistics indicate that Ohio lost 200 dairies from 2016-2017 and have lost another 59 farms since the start of 2018.

In the Western Lake Erie watershed, there are approximately 500 dairy farms. Storage facilities, on average, cost \$1,000 per cow—this is nearly \$100,000 for the average farm. It is important to note that these capital improvements were mandated by Ohio law and in many cases offer no additional revenue for the farm. So an investment is

required on a small business with no additional revenue to offset that cost. In the 131st General Assembly, ODPa worked very closely with Rep. Brian Hill on HB 297, which worked to provide a refundable tax credit for manure storage, handling, transportation and application equipment. The transportation of manure from a dairy farm to fields that need it as a natural fertilizer is a best management practice that requires a significant expense for tankers and trucking to haul it out to the fields for application.

ODPa and our farmers stepped up and supported the policy to prohibit manure on snow covered and frozen ground, however throughout the process, we consistently warned of the need for financial incentives for our farmers investing in manure storage facilities and innovative application equipment.

We understand that HB 643 contains language that provides resources for subsurface placement of nutrients into the soil, equipment for nutrient placement, equipment for soil testing, equipment implementing variable rate technology, equipment implementing manure transformation and manure conversion technologies, tributary monitoring equipment, and water management and edge-of-field drainage management equipment. There is also a sizable investment for disposal of dredged materials, Stone Lab, and other important programs and activities that work to reduce phosphorus.

ODPa supports these efforts and strongly believes that The Ohio State University and local soil and water districts play a critical role in improving water quality. It is our understanding that resources directed to the Soil and Water Phosphorus Program will be used to directly help farmers for on-farm practices that will improve water quality.

ODPa strongly encourages the use of funds to include: manure storage, handling, transportation and application equipment.

We hear time and time again from farmers that the financial burden of the new laws are crippling many of our small and medium sized farms. Agriculture is Ohio's number one industry and the engine of our rural communities. Ohio dairy farmers are working tirelessly to ensure best management practices and adopting manure management systems to continuously move manure from the barns and into the storage or holding areas. Many farms are separating liquids from the solids and recycling the water, which demonstrates advanced efforts in sustainability. In all cases, farmers have plans that distribute the manure as a natural fertilizer on their fields or neighboring farms within their crop rotation.

We are now working with our dairy farmers in the WLEB and know that manure storage, handling, transportation and application equipment are major issues that we need to address.

Again, thank you for your leadership in finding solutions in addressing water quality and the opportunity to testify in support of HB 643 and provide critical insights from Ohio's dairy farmers.