



**Joint Legislative Hearings on the
2013-2014 Executive Budget Proposal**

MONDAY FEBRUARY 4, 2013
HAMILTON HEARING ROOM B
LEGISLATIVE OFFICE BUILDING, 2ND FLOOR
ALBANY, NEW YORK

TESTIMONY PRESENTED BY:

DAVID HAIGHT, NEW YORK STATE DIRECTOR
AMERICAN FARMLAND TRUST

“The policy of the state shall be to conserve and protect its natural resources and scenic beauty and encourage the development and improvement of its agricultural lands for the production of food and other agricultural products.”

- Article XIV, Section 4, New York State Constitution

Good morning. I am pleased to be here to present testimony on behalf of American Farmland Trust (AFT). AFT is a national, nonprofit membership organization dedicated to protecting farmland, promoting sound farming practices and keeping farmers on the land. AFT has been active in New York for more than 20 years with a network of staff and consultants based in our New York State Office in Saratoga Springs, central and western New York and Long Island.

I want to thank members of the New York State Assembly and Senate for their strong support of our state's agricultural industry and for state programs that help farmers protect and steward their land.

AGRICULTURE FORMS THE FOUNDATION OF THE NEW YORK STATE ECONOMY

New York's 30,000 farms sell almost \$5 billion in farm products annually and are the critical link in a chain of food processors and agriculturally related businesses that annually generate \$46.7 billion in economic impact.ⁱ These connections between farmers and agricultural service providers are often overlooked but include: electricians, feed and seed dealers, carpenters, farm equipment dealers, truckers, mechanics, bankers, veterinarians and many others. Farms are also closely tied to New York's food processing sector that take milk, fruits, vegetables and grains and process them into cheese, yogurt, wine, beer and other food products.

Farms and farm-related businesses directly employ almost 54,000 New Yorkers, with an additional 68,000 jobs in food processing, beverage and related businesses in 2010. These 112,000 jobs are a steady base of employment for residents across New York. And, as New York is a national leader in the production of more than 20 farm products in close proximity to 19 million state residents and millions more food consumers in neighboring states - New York is poised for growth in its food and agribusiness sector. As a sign of this opportunity, USDA reported that New York farmers sold \$362 million in farm products directly to consumers in 2009 – a 57 percent increase in annual direct market sales since 2000.ⁱⁱ

A MAJOR CHALLENGE FOR NEW YORK: TRANSITION TO A NEW GENERATION OF FARMERS

One of the major factors impacting the long-term strength of New York's agricultural economy is the transition of farms to a new generation of farmers. For senior generations, the transition involves challenging family, business, financial, legal and tax issues. For a new generation of farmers, there are similar financial, business and other challenges that make getting into agriculture a significant undertaking.

Farmer Trends in New York – 2007 Census of Agriculture			
	1997	2007	% Change
Percent of Farmers Under 35	9.1%	5.2%	43% Decrease
Percent of Farmers Over 65	25.5%	26%	2% Increase
Acres of Farmland Managed by Farmers Under 35	34,479	19,854	42% Decrease
Acres of Farmland Managed by Farmers Over 65	1,307,860	1,523,142	16% Increase
Market Value of Products Sold by Farmers Under 35	\$163,757,000	\$167,541,000	0.2% Increase
Market Value of Products Sold by Farmers Over 65	\$431,939,000	\$877,292,000	103% Increase

Impacts of Farmland Loss on a New Generation of Farmers

New York's farmland forms the basic infrastructure on which the state's farm economy is built, yet the state has lost a significant amount of farmland to real estate development. According to data from the United States Department of Agriculture, between 1982 and 2007, nearly half a million acres of farmland or roughly 4,500 median-sized farms were lost to real estate development in New York. Farm families undergoing an intergenerational transfer are particularly vulnerable to losing their farm due to difficulties in transitioning business management responsibilities, planning for legal or tax issues involved in estate transfers or addressing personal and family issues. Families experiencing such problems may be forced to sell their farms – with real estate developers often ready to purchase them and convert the farmland into suburban housing developments and shopping malls.

This loss of farmland to development has fragmented the state's farm landscape and driven up the cost of agricultural land—making it challenging for new and expanding farmers to buy land. As a result, New York is losing opportunities to grow its farm sector and the ultimate long-term viability of the state's agricultural industry is at risk. Below are two quotes from GrowNYC, which operates the Greenmarket system in New York City and the National Young Farmers Coalition in regards to major challenges facing their farmer constituencies in securing farmland at affordable prices in places like New York:

“The cost and availability of farmland to rent or purchase are major barriers for young farmers...The discrepancy between sky-high land prices in many areas, and the modest incomes and assets of the typical young farmer, means that farmland ownership is out of the question for many beginning farmers.”

*Building a Future with Farmers: Challenges Facing Young, American Farmers and
a National Strategy To Help Them Succeed*
National Young Farmers Coalition, November 2011.

“The barriers facing (New York City's Greenmarkets') farmers fall into two general types: land tenure and access to financing. In the case of land access, barriers for beginning farmers tend to revolve around renting land as purchasing requires additional financing that is simply out of reach for most in this category. As farmers gain experience and assets, the challenges shift to those involved with purchasing land. And as they prepare to retire, farmers' difficulties become centered around plans for succession and farmland preservation.”

*Farmers on the Edge: An Assessment of Greenmarkets' Farmers Needs and
the Growing Challenges of Keeping Their Farms Viable*
GrowNYC, December 2011.

Importantly, the loss of farmland has a substantial impact on the ability of farms in New York to meet the demand of state residents for locally grown food. In 2007, over 80 percent of the fruits, vegetables and dairy products produced in New York State were grown on farmland immediately surrounding urban areas. Additionally, a Cornell University study tailors found that the state's 7 million acres of farmland available in 2007 is only sufficient to feed 6 million of our 19 million families and children, and that's only if New Yorkers eat less meat and reduce their fat intakeⁱⁱⁱ.

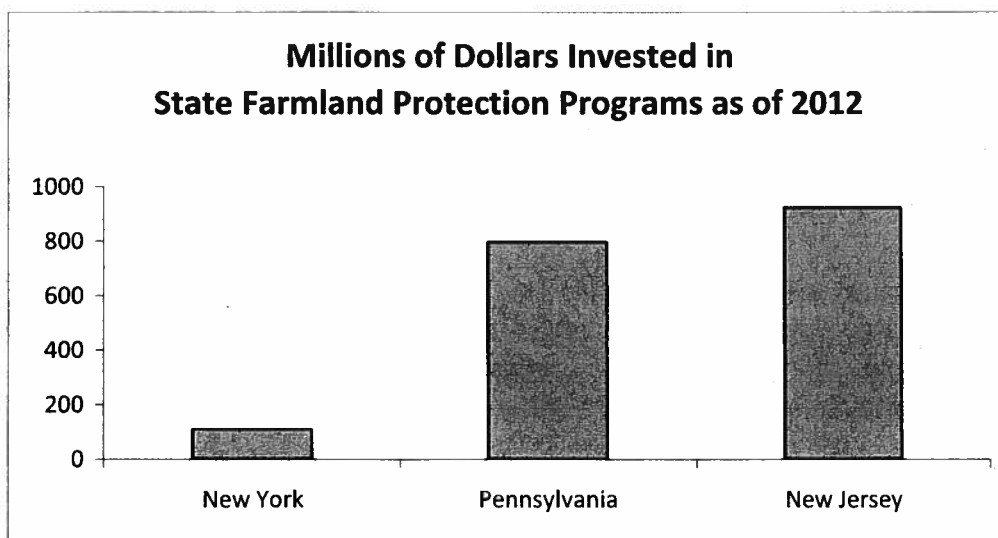
Strengthening the Future for New York's Agricultural Industry

New York's Farmland Protection Program was established in 1996 to support local efforts to strengthen the future for the state's agricultural industry. The Farmland Protection Program has utilized money from the 1996 Clean Water/Clean Air Bond Act and the Environmental Protection Fund for two primary purposes: 1) grants to municipalities and counties for the development of agricultural and farmland protection plans and 2) grants to municipalities, counties and land trusts to purchase permanent agricultural conservation easements on farms. To date, the program has provided grants to 51 counties and 76 towns to assist in the development of local strategies for strengthening the economic viability of farming and protecting farmland. Additionally, the program has awarded funds to protect 303 farms in 29 counties encompassing more than 73,000 acres.^{iv}

Through these permanent farmland protection projects, the Department of Agriculture and Markets distributes grant funds to local governments that frequently work with private land trusts to pay farmers to convey permanent agricultural conservation easements. Such projects enable farmers to tap into one of their largest sources of equity, their land, and use these funds to reinvest in their business and community. According to a 2009 study of farmers participating in New York's Farmland Protection Program conducted by the Department of Agriculture and Markets and National Agricultural Statistics Service, roughly two-thirds of participating farmers used proceeds from the sale of development rights to improve or enhance the future of their farms.^v Frequently cited uses for these funds included:

- Reduce debt
- Create retirement funds
- Construct new buildings
- Purchase more land
- Buy new equipment, supplies or livestock
- Change production or marketing strategies

Neighboring states, such as Pennsylvania and New Jersey have used comparable state farmland protection programs to make substantial investments in farm businesses and the long-term viability of their agricultural sectors. As of May 2012, New Jersey had invested more than \$922 million while Pennsylvania had spent \$796 million. As of the time of this analysis, New York had only spent \$109 million in protecting its farmland.^{vi}



Demand has greatly outstripped available Farmland Protection Program funds. Since 1996, \$724.3 million in applications have been submitted to the Farmland Protection Program, with 75 percent or \$547 million being rejected largely due to a lack of state funds.^{vii} However, no new projects have been solicited by the Farmland Protection Program since 2008, because of a significant number of outstanding program commitments.

In 2010, there were 61 farm families that had been awarded roughly \$70 million in state funds and had executed contracts from the state's Farmland Protection Program. Delays in project completion are partially due to the complex nature of these projects and multiple parties involved but have been compounded by a lack of funds by the State of New York.

However, the Department of Agriculture and Markets and participating local governments, land trusts and farm families have made substantial progress in reducing outstanding state commitments. As described in Map 3, in 2011-12, 20 farms encompassing 5,860 acres were protected in partnership with the state's Farmland Protection Program. By the end of FY 2012-13, these outstanding commitments were projected to be 22 projects awarded \$19.95 million in state funds. AFT believes that there is an important opportunity for the Farmland Protection Program to request new projects in 2013-14.

American Farmland Trust's Recommendations Regarding the 2013-14 State Budget **Environmental Protection Fund**

Governor Cuomo's FY 2013-14 Executive Budget proposes to increase EPF funding to \$153 million in 2013-14. This \$19 million increase in EPF funding represents an important step in rebuilding the state's investment in the EPF, which was cut by almost 50 percent between 2008 and 2010. AFT supports Governor Cuomo's proposal to increase the EPF to \$153 million and rebuilding the state's commitment to protecting water, land and the environment.

Farmland Protection Program

Governor Cuomo proposes allocating \$13 million from the EPF for the Farmland Protection Program – a \$1 million increase from 2012-13. We strongly support this budget allocation to aid in the completion of pending farmland protection projects and to enable the Department of Agriculture and Markets to solicit new applications for the Farmland Protection Program in 2013-14. Additionally, we encourage the Assembly and Senate to work with the Department of Agriculture and Markets as well as local governments, land trusts and other partners to evaluate the Farmland Protection Program's application and grant award process to ensure the program is poised to initiate new projects in 2013-14 that are capable of being completed in less than two years.

This review process should also include an evaluation of the effectiveness of the Farmland Protection Program in facilitating farm transfers and ensuring the long-term affordability of protected farms. One approach that should be considered is regular inclusion in agricultural conservation easements of Option to Purchase at Agricultural Value clauses regularly used in Vermont and Massachusetts to ensure the long-term affordability of permanently protected farmland.

Additionally, we encourage the State Legislature to work with Governor Cuomo and the Department of Agriculture and Markets to allocate \$300,000 to \$500,000 from the Farmland Protection Program for municipal and county agricultural and farmland protection planning grants in 2013-14.

Conservation Partnership Program and Soil and Water Conservation Districts

AFT also supports Governor Cuomo's proposed \$3.5 million in funding for Soil and Water Conservation Districts and the \$1.575 million for the Conservation Partnership Program as such programs provide important funding for local organizations working with farmers to protect land and water resources. Land trusts and Soil and Water Conservation Districts are key partners in delivering state programs and leverage outside resources and expertise. In particular, land trusts have become an integral component of New York's Farmland Protection Program as roughly 75 percent of the program's projects now have land trust involvement.

Agricultural Programs

AFT appreciates the State Legislature's recognition of the importance of agriculture and food businesses to New York's economy. We support efforts to continue to incorporate agricultural businesses in Regional Economic Development Councils and mainstream economic development programs and support sustained funding for programs traditionally funded through the Department of Agriculture and Markets' budget, such as the New York Farm Viability Institute and NY Farmnet/Farmlink that aid farmers with marketing, business development and applied research.

Article VII Language Regarding State Procurement of Food Produced in New York

Public and private institutions- such as colleges, hospitals, schools, emergency food providers and others – annually feed millions of New Yorkers. Greater institutional purchasing of food grown in New York offers substantial economic development opportunities for farmers and food businesses as well as opportunities to enhance the health of the constituencies served by such institutions.

A recent report by the New York Academy of Medicine documented that state agencies feed millions of New Yorkers through hunger relief programs, school and university meal programs, workplace cafeterias, hospitals, nursing homes and correctional facilities, including:

- 44 million visitors to state parks run by the Office of Parks, Recreation, and Historic Preservation
- 3 million recipients of emergency food provided by the Department of Health
- 1.8 million enrolled public school students supervised by the Department of Education
- 710,546 people served through other programs at the Department of Health
- 290,000 inpatients at state-supported hospitals
- 323,705 people served by programs at the Office for the Aging, Office of Mental Health, Administration for Children's Services, Department of Corrections and Community Supervision and Office for People with Developmental Disabilities
- 293,424 state employees
- 221,686 students enrolled at the State University of New York

For more than 20 years, the State of New York has taken steps to encourage that food purchased by state agencies be produced in New York when competitively available and the New York State Council on Food Policy has recommended that 20 percent of all food purchased by state agencies and state-owned facilities should be purchased from New York when feasible by 2020.

Language in the Public Protection and General Government Section Part P of Article VII of Governor Cuomo's 2013-14 Executive Budget Proposal would enable state agencies to purchase up to \$200,000 of food produced in New York without a formal competitive bid process. American Farmland Trust supports this proposed action as a means of enabling greater purchasing of food produced in New York by state agencies.

Thank you for the Assembly and Senate's leadership and long-standing support for agriculture and farmland conservation in New York. I look forward to working with you to act on these important issues in the coming months.

ⁱ Schmit, T. M. and N. L. Bills. Agriculture-Based Economic Development in NYS: Trends and Prospects. September 2012.

ⁱⁱ National Agricultural Statistics Service and New York State Department of Agriculture and Markets, *2009 Direct Marketing Survey*, October 2010.

ⁱⁱⁱ Peter, CJ, Wilkins, JL and Fick, GW, Testing a Complete Diet Model for Estimating the Land Resource Requirements of Food Consumption and Agricultural Carrying Capacity: The New York State Example, 2006

^{iv} New York State Department of Agriculture and Markets, Press Release, May 13, 2009.

<http://www.agmkt.state.ny.us/AD/release.asp?ReleaseID=1815>

^v New York State Department of Agriculture and Markets, New York Farmland Protection Study 2009

http://www.nass.usda.gov/Statistics_by_State/New_York/Publications/Special_Surveys/Report-NY%20Farmland%20Protect%20Svy.pdf

^{vi} Farmland Information Center, State PACE Survey, May 2011. www.farmlandinfo.org

^{vii} New York State Department of Environmental Conservation, 2009 New York State Open Space Plan, <http://www.dec.ny.gov/lands/47990.html>.