



MSBA

Environment, Natural Resources, and Energy Section

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Minnesota Agriculture: An Economic Cornerstone

Agriculture is a Cornerstone of Minnesota's Economy

- Agriculture generates \$112 billion annually in economic activity
- Ag production is valued at \$18 billion

National Rankings

- #5 in total ag production
- #4 in crop production
- #8 in livestock production
- #5 in biofuels production

Minnesota Agriculture: An Economic Cornerstone

Rank in Top 10 in more than 20 Ag Products

- #1 in turkeys raised, sugar beets, sweet corn for processing, green peas, wild rice
- #3 in hogs, soybeans, oats, spring wheat, sunflowers
- #4 in corn, dry beans, mink pelts
- #5 in barley, canola, vegetable production
- #6 in alfalfa
- #7 in potatoes
- #8 in milk



Minnesota Agriculture: An Economic Cornerstone

Exports

- Minnesota is the 5th largest exporter of food and agriculture products.
- Agriculture is Minnesota's largest exporting industry, accounting for more than one-third of the states total exports.
- Our largest markets are China, Mexico, Japan, Canada, South Korea, and Taiwan.
- Emerging export markets like Indonesia, Vietnam, the Philippines, and Colombia are also gaining importance for the state's food and ag exporters.
- Nearly 60,000 jobs in Minnesota are tied directly or indirectly to exports.

Minnesota Agriculture: Demographics/Land Use

2017 U.S. Census of Agriculture: Demographics of Farm Producers

- The average age of all farmers and ranchers continues to rise. In Minnesota the average age is 56.5 compared to 55.0 in 2012 (U.S. average is 57.5)
- 31% of all Minnesota producers are female and 52% of all farms have at least one female decision maker.
- 21% are new or beginning farmers who have been farming for 10 years or less

Minnesota Agriculture: Demographics/Land Use

2017 U.S. Census of Agriculture: Farms and Land in Farms

- Number of farms – down 7.7% to 68,822 compared to 74,542 in 2012
- Land in farms – down 2% to 25.5 million acres compared to 26 million in 2012
- Average farm size – up 6.3% to 371 acres compared to 349 acres in 2012

Responding to Today's Challenges

Minnesota farmers are facing a number of challenges. Low commodity prices, unstable international markets, and invasive plants, pests, and diseases are threatening family livelihoods and causing increased stress and anxiety for rural Minnesotans.

Responding to Today's Challenges: Income/Prices

Farm Economy

- As crop prices dropped over the past five years, the value of the crop and livestock sectors began to even out – crop production is valued at 55% of the total and livestock is valued at 45% of the total.
- Average farm income was \$65,753 – down 30% from \$94,345 in 2012. Most of the farms that exited the business were dairy and crop farms.

Responding to Today's Challenges: Weather

Weather

- Severe winter snowfall, late spring flooding, and prolonged wet conditions have taken a toll on Minnesota farmers. More than 100 barns and sheds across the state collapsed because of record snowfall.
- The Governor signed a bill allowing the Rural Finance Authority to declare a disaster and make zero-interest loans available to farmers through the Disaster Recovery Loan Program.



Responding to Today's Challenges: Health Care

Healthcare

- Rural Minnesotans lack affordable and comprehensive health coverage options.
- Approximately 349,000 Minnesotans currently have no health insurance.
- Many have been priced out of health coverage and are living just one injury or illness away from bankruptcy.
- Rising prescription drug prices are driving up health care costs.

Responding to Today's Challenges: Health Care

- Governor Walz's budget creates a health coverage option called ONECare to be made available to Minnesotans statewide.
- ONECare offers comprehensive health coverage options, encourages stability in the individual market, provides consumer choice, and addresses rising health-care costs.
- This buy-in option will have a provider network and benefits similar to the MinnesotaCare program, including dental and vision benefits and behavioral health services, which is broader than what is currently available in the market.

Responding to Today's Challenges: Taxes

Taxes

- Governor's Walz's budget proposal cuts taxes by over \$220 million for the state's farmers and small businesses.
- This allows farmers and small businesses to deduct up to \$1 million of qualifying equipment purchases in the first year placed in service. The proposal eliminates the Minnesota 80% add-back for this deduction.
- The Governor's budget also calls for a \$50 per acre property tax credit for farmers who provide buffer strips of land near public waters and drainage systems. This proposal recognizes our farmers' efforts to keep Minnesota's waters clean.

Responding to Today's Challenges: Mental Health

Mental Health

- Because of challenges in the farm economy, farmers and other rural residents statewide are experiencing high levels of stress.
- Farm earnings hit record lows in 2014 and 2015 and declined again in 2017. Stresses like these take their toll; there are indications that suicide, divorce, and substance abuse rates are all climbing in this population.
- The Governor's budget provides \$450,000 to expand on collaborative rural mental health efforts that began in 2017, including the MDA's Farm and Rural Helpline and the Farm Advocates program.

Responding to Today's Challenges: Mental Health

The Farm and Rural Helpline is a free, confidential helpline available 24 hours a day, seven days a week.

A man with a beard, wearing a brown winter jacket and a dark beanie, is looking down at a smartphone in his hands. He is standing in a barn or farm setting, with hay visible in the background. The lighting is warm and natural, suggesting an indoor or sheltered outdoor environment.

**The toll free number is
(833) 600-2670**

Responding to Today's Challenges: Mental Health

Farm Advocates provide free, one-on-one assistance for Minnesota farmers who face crisis caused by either a natural disaster or financial problems.

- Assist with debt restructuring, cash flow projections, lender negotiations, legal referrals, etc.
- Trained and experienced in agricultural lending practices, mediation, lender negotiation, farm programs, crisis counseling, and disaster programs.
- The Farm Advocates Program has been supported by the MDA since 1984.

Responding to Today's Challenges: Broadband

Broadband

- The Governor's budget recommends funding \$70 million in the biennium for a border-to-border broadband program. The state will meet the statutory goal of border-to-border access of 25Mbps/3Mbps broadband service by the year 2022 and begin to pave the way for achieving the state's 2026 goal of reaching everyone with a service capable of delivering 100Mbps/20Mbps.
- This funding commitment will build on several years of public and private investments in broadband infrastructure in unserved and underserved areas of the state, helping more than 193,000 homes and businesses, primarily in rural areas, gain access to reliable broadband internet.

Responding to Today's Challenges: Weeds & Disease

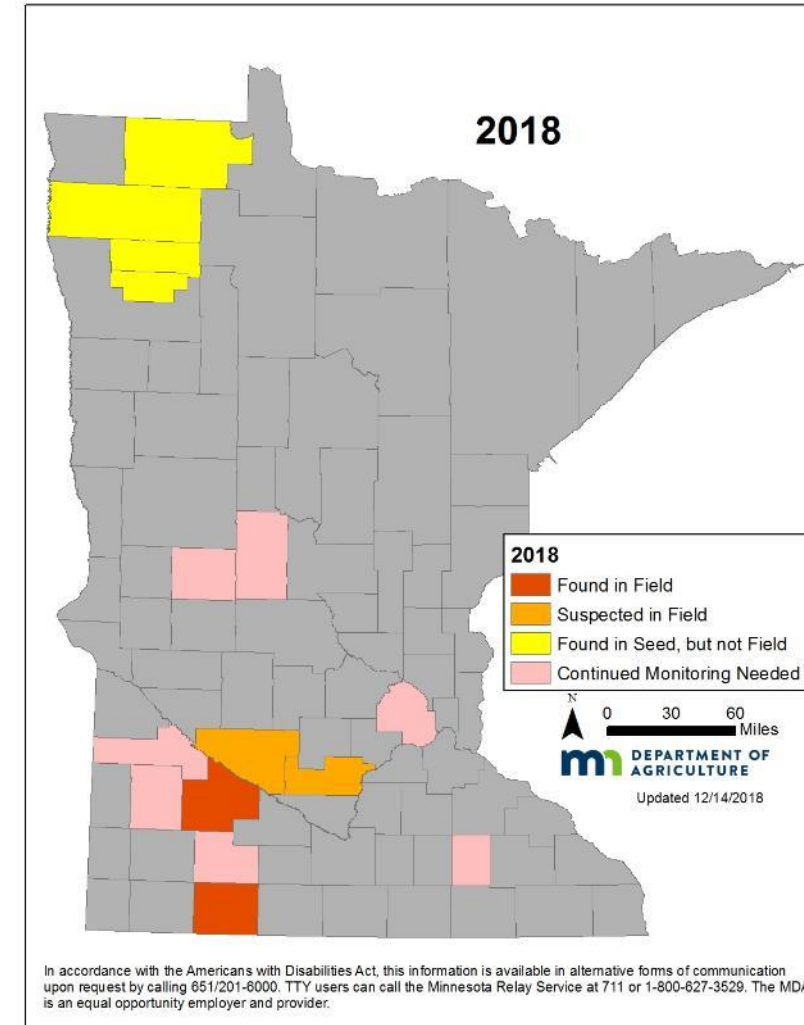
Palmer Amaranth

- If the invasive plant Palmer amaranth establishes itself in Minnesota, farmers could spend an estimated \$3 billion annually to manage the weed.
- Palmer amaranth is just one of many examples of destructive weeds that threaten the state.
- A \$1.8 million investment in the MDA's Noxious Weed Program would support grants that enable local governments to battle noxious weeds, and the funding would provide needed resources to manage or eradicate those weeds.

Responding to Today's Challenges: Weeds & Disease

Palmer Amaranth

- Eradication of Palmer on CRP sites appears to be successful.
- Ability to detect contamination and prevent spread in seed has increased dramatically.
- Found at low levels in cropping situations in 2018 and regional efforts are underway to slow the spread.
- Dodge County under continuous monitoring.



Responding to Today's Challenges: Ag Emergencies

Animal Diseases

- As we experienced in 2015, a disease like avian influenza can devastate farm operations. Minnesota must be prepared for the growing threat of an agricultural emergency, such as African Swine Fever.
- Detecting and identifying emerging plant and animal diseases is critical to protecting Minnesota's agricultural, horticultural, and natural resources. A \$500,000 continuing investment would ensure the Minnesota Department of Agriculture has staff and equipment that can defend our crops and plants from outside threats.
- The Governor's budget will restore funding to the state's Agricultural Emergency Account and support work at the Minnesota Department of Agriculture and Board of Animal Health to train and prepare for the next disease or invasive species.



Responding to Today's Challenges: Trade & Markets

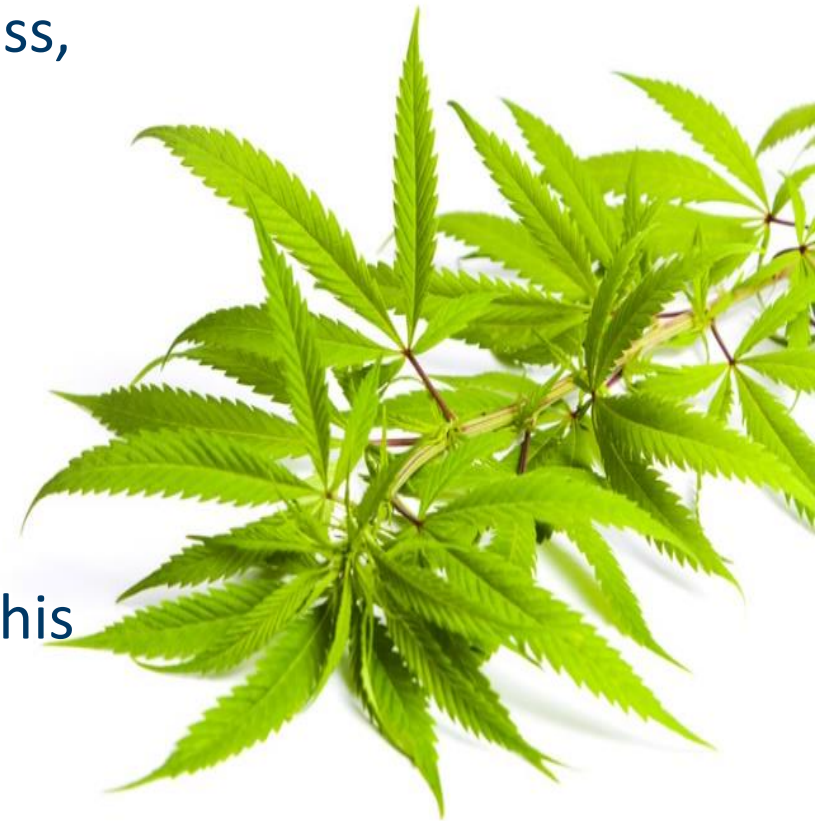
Trade

- Minnesota farmers and food companies rely on local and global sales for their success.
- The Governor's budget proposes \$400,000 per year of the biennium in funding to ensure that Minnesota can continue to develop international trade and domestic markets through education, trade missions, and relationship-building efforts.
- These market opportunities would build on current investments in trade shows that already provide a \$60 return to Minnesota companies on every dollar spent.

Responding to Today's Challenges: Trade & Markets

Industrial Hemp

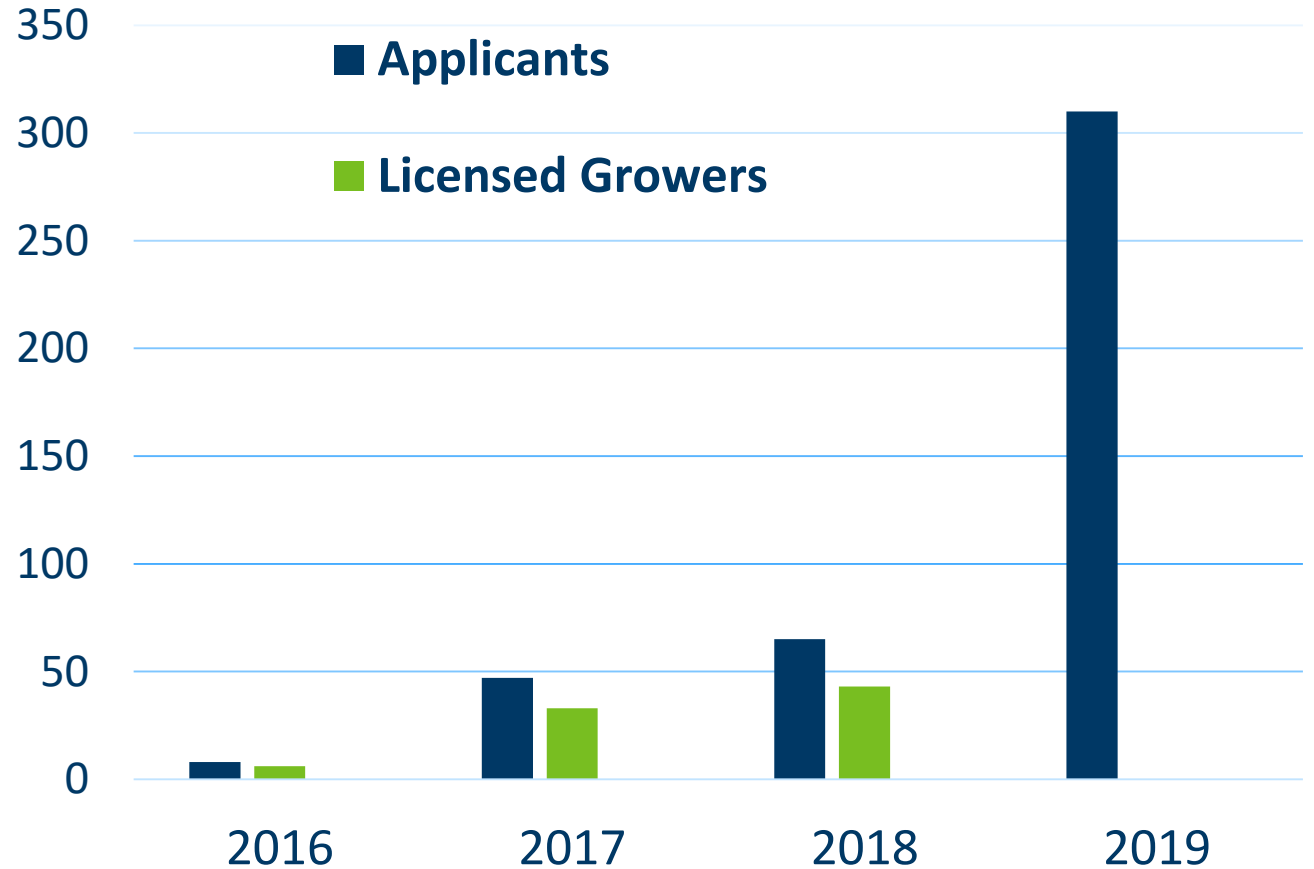
- Governor Walz's budget would invest \$600,000 to ensure that Minnesota farmers and businesses can grow, process, and market industrial hemp.
- The 2018 Federal Farm Bill permitted the production of hemp across the United States.
- This funding allows the Minnesota Department of Agriculture to follow through on federal licensing and testing requirements, and assist growers as they enter this emerging crop industry.



Responding to Today's Challenges: Trade and Markets

Industrial Hemp

- Interest in production is increasing rapidly.
- Farm Bill does not change FDA regulation of ingestible and topical hemp products.
- Fees collected are not yet sufficient to support the required oversight.



Responding to Today's Challenges: Trade & Markets

Meat Processing

- Small, local, and specialty meat processors rely on inspections from the Minnesota Department of Agriculture in order to sell products in the state.
- A budget increase of \$300,000 per year of the biennium would provide additional staff, supplies, and equipment to make sure inspections are done in a timely manner.
- These inspections ensure food safety standards are met and that meat processors can continue their work. This funding would also generate \$300,000 in matching federal money.

Responding to Today's Challenges: Trade & Markets

Biofuels

- We're the 5th largest producer of biofuels in the nation, including ethanol and biodiesel.
- In 2018, Minnesota became the first state in the U.S. to mandate a 20 percent biodiesel blend, adding value to one of our state's most-produced commodities.



Thank you!

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