



# MINNESOTA

Farm and Food in Focus



## Challenges Facing MINNESOTA AG AND FOOD

AN UPDATE FOR CANDIDATES AND VOTERS REGARDING THE MAJOR IMPACT AND TRANSFORMATION OF MINNESOTA'S FARM/FOOD SECTOR

### PERMITTING AND REGULATION

Minnesota farmers are at a competitive disadvantage to farmers in other states when it comes to fairly and efficiently permitting farm facilities, especially related to livestock and dairy operations and ag processing facilities. Other states have found ways to make the permitting process much faster and less expensive while still ensuring important protections for our environment.

### SUPPORTING YOUNG FARMERS

The average age of a Minnesota farmer is 58, and fewer young farmers are entering the industry. According to the Federal Reserve Bank, two-thirds of farmers in the region are older than 55, the 34-54 age group has declined from 40% in 2002 to less than 30% in 2020. With more farmers facing retirement without a next-generation successor in the family, we need to get creative in finding solutions to help young people get into farming.

**Minnesota is fortunate to be a national leader when it comes to farming and food. Looking ahead, however, there are critical issues that policymakers will need to address to keep the farm and food economy viable and growing.**

### LABOR SHORTAGE

With an aging population in rural Minnesota and fewer working-age people available for farm work, farms have increasingly relied on foreign-born workers through the H-2A visa program. But, changes to border security and restricted access to H-2A visas for seasonal workers in recent years have restricted the available labor pool for agriculture. Policies that allow for the legal status of foreign-born workers also creates opportunities for some workers to go into farming and help diversify the farm population. A workable and expanded work VISA program for agriculture is needed.

### CLIMATE

Farmers know how much our lives and livelihoods depend on the responsible use of natural resources. Longer dry periods followed by more intense rains, snows, storms and flooding are just some of the climate challenges. That's why Minnesota's farm and food industries are committed to innovation and farming production techniques that are more resilient to climate change and ensure responsible use of the land, water, and biodiversity of our region.

### COMMITMENT TO RESEARCH-DRIVEN PUBLIC POLICY AND INVESTMENT

Investments in agriculture innovation and public spending on research are key to developing sustainable products and practices. Facing the future together requires the alignment of food and ag public policy with the support for researchers and the farming and food industry working to adopt production practices that reduce environmental impacts and discover new products.

### GLOBAL TRADE COMPLEXITIES

Minnesota is the fourth largest agriculture exporting state in the U.S., but exports have suffered in recent years due to trade wars and retaliatory tariffs. The leading agricultural export products from the U.S. are soybeans, corn and wheat, making Minnesota well-situated as a food export producer, with China being one of Minnesota's largest customers. Recent ag product purchase commitments by China are beginning to recover some of the market lost during the trade war, but additional work is needed to ensure China fulfills purchase commitments under the Phase I agreement.

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## COVID-19 IMPACTS

Coming on the heels of consecutive years of low commodity prices and a trade war that restricted access to foreign markets, COVID-19 has had a dramatic impact on the ag and food industry in Minnesota. Coronavirus outbreaks at meat processing plants caused prolonged shutdowns, limiting the ability of pork, cattle and turkey producers to market their animals. Closed schools weakened the demand for milk. The corresponding shutdown of restaurants and other hospitality venues has drastically reduced the demand for food from an entire sector. In addition, with far less driving during the pandemic/recession, the demand for corn-based ethanol in gasoline is depressed.

## BROADBAND ACCESS

As the stay-at-home directives resulting from COVID-19 accelerated the need to obtain more services online, the disparities in reliable, affordable high-speed internet has been underscored for rural Minnesota. Farmers and rural communities need reliable broadband to participate in virtually every aspect of the economy from business operations to education to accessing telemedicine. More than ever before, digital access equity is essential to ensuring that productivity and prosperity can be realized in all areas of the state.

## TAX POLICY

Conformity with the Section 179 reforms made in the federal Tax Cuts and Jobs Act of 2017 is critical to farmers and other businesses. The lack of conformity between Minnesota's tax code and the federal law has resulted in huge unanticipated tax burdens for Minnesota farmers purchasing needed equipment and machinery. Minnesota farmers also need relief from the financial penalty of continuing to impose property taxes at the highest rates on farmland that is removed from income-producing crop production when converted to conservation buffers.

## HEALTHCARE

Access to quality and affordable healthcare is an issue for many Minnesotans and this issue is especially pronounced for farmers and residents in rural communities.



**COVID and the resulting recession is creating challenges for many sectors of our economy. As Minnesota policymakers approach their work in 2021, prioritizing the issues important to the farm, ag and food sector will be one of the most effective initiatives they can undertake to materially help our statewide economy recover.**

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