



**Joint Legislative Hearings on the
2014-2015 Executive Budget Proposal**

WEDNESDAY, JANUARY 29, 2014
HAMILTON HEARING ROOM B
LEGISLATIVE OFFICE BUILDING, 2ND FLOOR
ALBANY, NEW YORK

TESTIMONY PRESENTED BY:

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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

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Good morning. I am pleased to be here to present testimony on behalf of American Farmland Trust (AFT). AFT is the nation's leading conservation organization dedicated to protecting farmland, promoting sound farming practices and keeping farmers on the land. Since its founding in 1980 by farmers and citizens concerned about the rapid loss of farmland to development, AFT has helped protect three million acres of farmland and led the way for the adoption of conservation practices on millions more. Established in 1990, AFT's New York State Office works to save the land that sustains us across the state.

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

The production, processing, buying and selling of food has traditionally formed the foundation of all economies and New York State is no different. New York's 30,000 farms generated \$5.7 billion in sales in 2012 and provide jobs for an estimated 60,000 people. Farms also create business opportunities for farm support services such as electricians, feed and seed dealers, carpenters, farm equipment dealers, truckers, mechanics, bankers, veterinarians and many others.

In addition, farms serve as the cornerstone of the state's \$46.7 billion farm and food economy and are closely tied to New York's food processing sector that processes milk, fruits, vegetables and grains into cheese, yogurt, baked goods, wine, beer, spirits and other food products, creating another 68,000 jobs. These farm and food jobs are a form of steady employment for residents across New York.

As 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 State is poised for growth in its food and agribusiness sector. Due in part to the local foods movement, 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 2000.¹

Clearly agriculture is a strong part of New York State's economy with enormous potential for growth. Yet, the farmland that provides the foundation for this economic activity is often taken for granted. New York has lost more than 425,000 acres of farmland to poorly planned development since the 1980s, the equivalent of one farm every 3 ½ days.

As farmland is fragmented by development it becomes increasingly difficult for the state's farmers to meet the demand for their agricultural products. Farmland loss negatively impacts the state's dairy farmers' efforts to grow enough feed for the state's expanding dairy herd, threatening their ability to produce sufficient milk to supply the burgeoning Greek yogurt industry.

In addition the loss of farmland substantially reduces the ability of New York's farmers to meet New Yorkers' growing demand for locally grown food. Over 80 percent of the fruits, vegetables and dairy

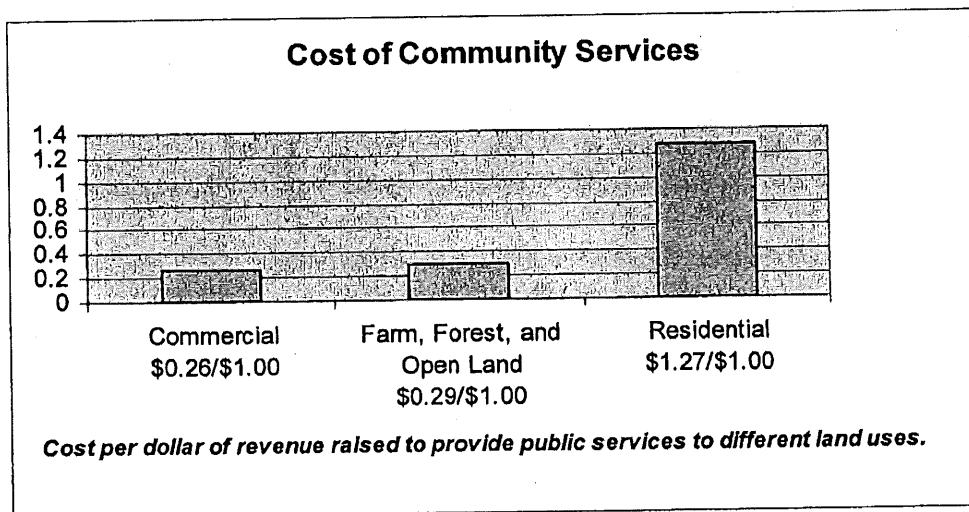
products produced in New York State are grown on farmland immediately surrounding urban areas and lie directly in the path of suburban sprawl. In fact, a Cornell University study found that the state's 7 million acres of farmland is only sufficient to feed 6 million of our 19 million state residentsⁱⁱ.

KEEPING LAND IN FARMING HELPS MAINTAIN LOWER PROPERTY TAXES

The loss of farmland to real estate development also significantly diminishes another important economic benefit of agriculture. Keeping land in agriculture helps municipalities control the escalation property taxes which places a significant burden on the businesses and citizens of New York. Sustaining a strong farm economy and keeping farmland in production plays a vital role in by bringing property taxes under control thereby spurring economic growth in New York.

There is a common misperception that the development of farmland leads to reduced property taxes – nothing could be further from the truth. This notion is based on the assertion that residential development provides more property tax revenue to fund schools and local taxing jurisdictions without considering the cost of education, water, sewer, roads, police and other costly public services that such development requires.

More than 15 Cost of Community Services Studies have been conducted in communities across New York, and over 150 such studies have been completed nationwide. The New York studies have found that, on average, for every \$1 of property taxes paid on farm and forestland, \$0.29 in services were required. By contrast, residential land required \$1.27 for every \$1 paid in local taxes. While developed land can provide more tax revenue, it also consumes significantly more tax revenue for public services.



Information from Haight et al. "New York Agriculture Landowner Guide". Saratoga Springs: American Farmland Trust, 2009.

Similar results have been found in forward-looking planning studies in New York. For example, the Capital District Regional Planning Commission projects an additional \$1 billion in public expenses by 2032 for the Capital Region if new development pushes aggressively onto farm and forestland outside

of the region's cities, such as Albany, Schenectady and Troy. If this occurs, costly new public services such as public water, sewer, fire, ambulance and K-12 education will be required in suburban and rural communities, while such services continue to be required in the region's cities.

Property taxes also create a significant business expense for farmers. We do appreciate the State Legislature's enactment of a two percent cap on agricultural assessment rates last year. Such action helps farmers control costs and improves their bottom line, reducing pressure on them to sell farmland to developers. Similarly, public investments in keeping land in agriculture make strong fiscal and economic sense.

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 Farmland Protection Program has awarded planning grants totaling \$4,780,252 to 65 counties (including 12 county plan updates) and 77 towns to assist in the development of local agriculture and farmland protection plans, outlining strategies for strengthening the economic viability of agriculture and retaining agricultural lands through farm friendly land use planning. Additionally, the program has provided \$119,204,241 in funds to protect 209 farms encompassing 47,843 acres.ⁱⁱⁱ Through permanent farmland protection projects, the Department of Agriculture and Markets distributes grant funds to town and county governments and 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.^{iv} 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

NEW YORK MAKES PROGRESS BUT LAGS FAR BEHIND NEIGHBORING DAIRY STATE

New York and neighboring Pennsylvania have similar farm landscapes and farm economies yet Pennsylvania has invested significantly more in farmland conservation than New York. If New York had invested at the same amount per capita rate as Pennsylvania in SFY 2013-14, New York would have allocated \$88 million to farmland conservation this year instead of \$13 million. The result: for every farm that New York has protected, Pennsylvania has protected 20.

State	Acres of Farmland	Annual Farm Sales	Total State Farmland Protection Spending	Total Number of Farms Protected
New York	7.2 Million	\$5.7 Billion	\$119 Million	209
Pennsylvania	7.8 Million	\$6.8 Billion	\$853 Million	4,364

Despite the lack of funding there is no shortage of farmers in New York State who want to protect their farmland through the state's Farmland Protection Program. Historically 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.^v

However, no new projects have been solicited by the Farmland Protection Program since 2008, when funding was cut dramatically. At that time 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 were partially due to the complex nature of these projects and multiple parties involved but were compounded by a lack of state funds. However, over the past three years the Department of Agriculture and Markets and participating local governments, land trusts and farm families have made substantial progress in reducing outstanding state commitments. Current outstanding commitments are projected to be less than \$15 million. AFT believes that there is an important opportunity for the Farmland Protection Program to request new projects before the end of State Fiscal Year 2013-2014.

AMERICAN FARMLAND TRUST'S RECOMMENDATIONS REGARDING THE 2014-15 STATE BUDGET

Environmental Protection Fund

The Environmental Protection Fund (EPF) is the state's dedicated source of funding for programs that protect the state's clean water and natural resources. We appreciate the State Legislature and Governor Cuomo's efforts during the last two state budgets to stop dramatic cuts in EPF funding and begin to rebuild state investment in the EPF. Governor Cuomo's FY 2014-15 Executive Budget proposes to increase EPF funding to \$157 million. This \$4 million increase represents a first step toward rebuilding the state's investment in the EPF, which was cut by almost 50 percent between 2008 and 2010.

The Executive Budget Proposal acknowledges that funding for the EPF needs to be increased, but the proposed \$157 million is simply not enough to protect threatened land, water and other natural resources, and much more must be done in the SFY 2014-15 State Budget. The proposed funding level is 38 percent less than the EPF funding in 2008 – a dramatic reduction in New York's environmental

funding. Even as the state's economy and fiscal situation has been recovering, New York's investment in the EPF has not kept up.

Without additional funding, New York will not be in a position to address critical issues that make our communities desirable for businesses, residents and tourists, and support our farm economy and jobs on farms and related businesses, and reduce risk to our farms and communities from severe weather and future storms. A public opinion survey of New York voters conducted in November 2013 by Global Strategies Group shows that a majority of voters in every part of the state support enhancing the EPF, and recognize the good it does for our communities. New Yorkers are ready to invest more in protecting the environment and preserving natural resources such as clean drinking water and the irreplaceable farmland that forms the foundation of the state's robust agricultural economy.

AFT encourages the legislature to increase the state's investment in the environment by increasing the appropriation for the EPF to \$200 million in the SFY 2014-15 State Budget.

Farmland Protection Program

Since 1996, New York State's Farmland Protection Program has provided \$119,204,241 in funding for the permanent protection of 47,843 acres of irreplaceable farmland with conservation easements. But when funding for the Farmland Protection Program was slashed during the economic meltdown of 2008 the Department of Agriculture and Markets, faced with a backlog of outstanding commitments, stopped taking new applications for farmland conservation projects.

Since 2008, hard work by the Department of Agriculture and Markets, local governments, land trusts and farm families has resulted in the significant reduction in the Farmland Protection Programs project backlog. Current outstanding commitments are projected to be less than \$15 million. Local land trusts and municipalities report that farmers across New York are interested in permanently protecting their farmland from development with conservation easements but have not had the opportunity.

Governor Cuomo proposes allocating \$14 million from the EPF for the Farmland Protection Program – a \$1 million increase from 2013-14. We appreciate Governor Cuomo's recognition of the need to expand funding for the Farmland Protection Program. However, this funding remains less than half of its \$30 million funding level in 2008 and would satisfy only a small fraction of the demand for program funds from Long Island, Hudson Valley, Finger Lakes, North Country, Western New York and other regions of the state.

AFT encourages the State Legislature to increase the allocation for the state's Farmland Protection Program in SFY 2014-2015 to \$25 million. Such an allocation would enable the Department of Agriculture and Markets to offer a new Request for Proposals (RFP) and initiate new Farmland Protection Implementation Grant projects in the upcoming fiscal year. Such a funding increase, combined with the release of a new RFP for farmland conservation projects would send an important signal about the State of New York's support for agriculture and this program that last sought new projects in 2008.

AFT further encourages the State Legislature to work with the Cuomo Administration to set administrative standards and allocate staff resources at the Department of Agriculture and Markets to ensure that new Farmland Protection projects are completed in less than two years. This change in expectations and improved program efficiency is critical for meeting farmers' needs and achieving the program's goals.

Additionally, we encourage the State Legislature to work with the Cuomo Administration to ensure that Farmland Protection Implementation Grant funds continue to be focused on purchasing of permanent agricultural conservation easements. This approach to protecting farmland has proven to be highly effective in protecting farmland from development in New York communities for more than 40 years. Funding alternative approaches, such as term deed restrictions, would limit New York's ability to leverage private, local and federal funding and would fail to address critical needs in places like the Hudson Valley, Long Island and other parts of New York where farmers want financially competitive alternatives to selling farmland to development.

Conservation Partnership Program and Soil and Water Conservation Districts

AFT supports Governor Cuomo's proposed \$4.5 million in funding for Soil and Water Conservation Districts and \$2 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 land access, farm transfer, marketing, business development and applied research.

Estate Tax

AFT supports Governor Cuomo's proposal to raise New York State's estate tax threshold for individuals from \$1 million to \$5.25 million, which is comparable to the federal exemption level for 2014 of \$5.34 million. An average farm in New York State is 150 acres and in some cases can exceed 1,000 acres in size. The value of the farmland combined with that of specialized agricultural buildings and farm equipment frequently exceeds the \$1 million threshold. Too often the farm family's next generation is forced to sell the farm in order to pay the estate taxes they face when a farmer dies. Raising the estate tax threshold would avoid farms being lost under these circumstances.

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

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

ⁱⁱ 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

ⁱⁱⁱ Status of State PACE Programs, American Farmland Trust, January 2013,
<http://www.farmlandinfo.org/pace-status-state-programs-2013>

^{iv} 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](http://www.nass.usda.gov/Statistics_by_State/New_York/Publications/Special_Surveys/Report-NY%20Farmland%20Protect%20Svy.pdf)

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