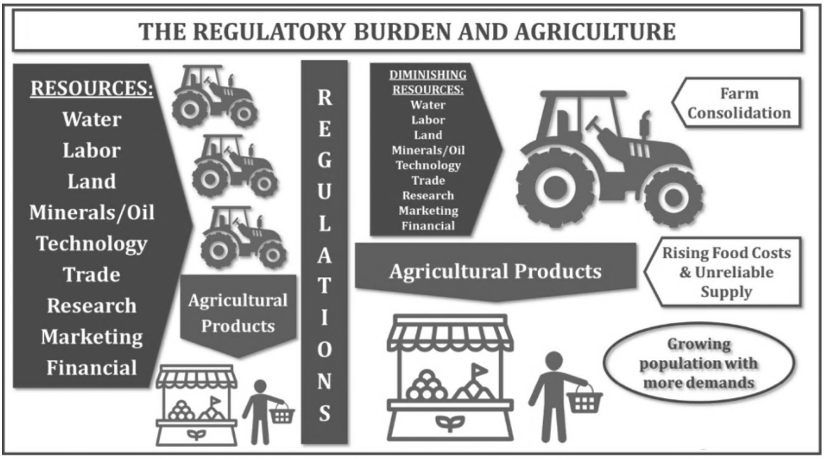
I. Minimize the regulatory burden imposed on farmers

Agriculture is a pivotal industry to the Mountain States, contributing billions of dollars annually. Jobs and businesses depend on the success of farmers and ranchers, but challenges are increasing for the region's agribusinesses. Inflation is challenging farmers nationally and regulatory pressure is increasing as West Coast politicians push for more restrictive laws.

To help facilitate a favorable climate for farmers to excel, policymakers should embrace free-market agricultural policies. This focus would move the legislative needle toward more farm independence and improved food self-reliance. As more farms thrive by relying on ingenuity and grit to move products to markets, individuals can more easily meet food needs with affordable and secure food.

Agriculture relies on many limited resources, including water, land, minerals/oil, and labor. The limitations of these resources exist naturally and yet man-made limitations, in the form of regulations, add to the difficulty of procuring a sufficient supply of inputs.

Regulations tighten the supply of all inputs needed for agriculture, naturally limited resources or otherwise (i.e., technology, trade, research, marketing, transportation, and financial). Increasing regulatory burdens on agriculturalists will consolidate domestic farming operations and agricultural businesses, endangering an accessible and affordable food supply.



Resource availability and restrictions

Policies affecting agriculture at the federal, state, and local levels should seek to remove restrictions on these resources. Agricultural regulations often affect the availability and accessibility of resources. For example, policy efforts to increase agricultural water supply make more available for use. Other regulations can affect accessibility to existing water, such as clean water legislation and salmon protections.

Historically, government efforts have placed great emphasis on increasing the availability of resources to agriculture. Dam construction, land allotments, and research funding propelled American agriculture to its current standing. Free market policy encourages government funding or research and infrastructure and public/private partnerships in projects. In recent years, agriculture's ability to develop resources and continue using existing resources has often been opposed by special interests and bureaucracy. Some positions even advocate for the removal of available resources, including the Snake River dams.

Policies should allow for the advancement of free markets first, spurring development and use of these resources by private sources and/or private/public partnerships, in a fair balance with conservation and economic needs. Recent efforts to change farm policies have tightened accessibility.

Environmental regulations, diverting land to national protection, and limiting well and oil drilling are all examples of preventing access to resources. Regulatory positions need to carefully assess the benefit of resources to farmers and the food supply against the costs often alleged by special interest groups. Some protection of resources captures externalities and is worth the resource limitations because the benefit to the communities outweighs the costs to agriculture and food supply. However, many regulations move far beyond scientific criteria, preventing access to resources because of the interests of a few, at the cost of a food supply that feeds many.

Regulations interfering with the ability to farm must consider the actual cost and impact on farmers, farmworkers, and communities. Regulations favoring one individual's story over a community's experience are damaging to agricultural businesses, rural families, and towns.

II. Protect agricultural water uses and the development of water storage

Clean water is essential, but unnecessary and unscientific restrictions on water use need to be removed. Farmers should have the ability to access water and help fund additional water expansion projects via usage fees. States need to respectfully balance water for agricultural use and reasonable fish recovery efforts.

Across the western states, the use it or lose it water laws discourage water conservation. States need to encourage water conservation, and not unduly punish farmers for adopting efficient technologies and conserving water resources. Individual farmers and canal companies would benefit from legislation that encourages conservation, without losing their existing water rights.[1]

Water is for fighting and whiskey is for drinking, is an old western phrase still holding true today. Across the western United States prior appropriation doctrine, the idea that first in time is first in right rules the water law, but what happens when this water starts disappearing? The fairness of making the most junior rights disappear before senior rights adopt any conservation strategy is not only selfish but also poor environmentalism. Instead, state-level policies should look at adopting groundwater conservation easements to protect aquifers.

State-level policies can change to create a market-based tool that would incentivize water users to voluntarily stop pumping from groundwater resources in exchange for direct payments or tax benefits. These are permanent, voluntary, and specific to the land parcels and they can serve as a tool to recover depleting aquifers in the Mountain States.

III. Balance land development and property rights with the necessity of land for food production

Property rights must be protected. However, tax exemptions on agricultural land should account for changes in use, encouraging farmers to slow the development of agricultural land for housing purposes. Local and state policies already influence the decision

[1] Western water strategy shifting from 'use it or lose it,' to 'waste not, want not', The Hill, June 2018, available at https://thehill.com/opinion/energy-environment/392341-western-water-strategy-shifting-from-use-it-or-lose-it-to-waste

through property taxes. Using the existing exemptions to encourage farmers to protect agricultural land is a free market method of protecting farm ground.

Policies should balance the right of the farmers to lease their land for the best available use. Undeveloped land should be made accessible for agricultural land developers and for housing and commercial development to decrease the pressure for farm ground conversion. The growing population of the western states has increased the conversion of farmland to subdivisions and commercial properties.

Where once sprawled thousands of acres of farmland, housing developments are covering the landscape and decreasing farming in many regions. Most regions give property tax exemptions to agricultural land and local communities can use property tax incentives to discourage urban sprawl and encourage farmland preservation. A policy in this directive should carefully weigh strategies.

Transfer of Development Rights (TDRs) is another policy option for balancing housing supply and agricultural land protection. TDRs are local policy tools available to counties, allowing density to remain concentrated around population centers and compensating farmers for their land's development rights. TDRs can be adopted by local governments, allowing a market to be created for the right to develop ground. This policy would alleviate the housing shortage and protect agricultural ground at the same time. TDRs are designed differently across the nation, but some key requirements would include:

- Specific development goals and designated areas of sending and receiving TDRs.

- TDRs should be restricted to housing development.
- Formalize inter-jurisdictional agreements between counties and municipalities for the handling of TDRs.
- Create a market for development rights with open and transparent historical pricing but avoid government-run TDR banks.
- Limit government regulation of TDRs.

IV. Agricultural labor needs to be accessible

A recent study by Texas A&M found, that when farmers can't hire workers, expect to see a continued rise in inflation, increasing food prices, and more empty shelves at the grocery store.[2] That study sets aside immigration as a much larger federal issue and focuses on state efforts impacting the ag workforce. Less regulations, lower taxation, and avoiding agricultural overtime mandates will help farmers and ag businesses find and keep these valuable employees, which makes harvest successful.

The shortage of agricultural labor is nothing new. Pre- and post-pandemic, farms struggled to find willing workers. From 1950 to 2000, hired farmworkers declined by 52% and family farmworkers declined by 73%.[3] The stressful and strenuous nature of the job, volatility of commodity prices, high start-up costs, and immigration all contribute to fewer farmworkers. State efforts can also negatively impact the employment environment, as in the case of Washington.

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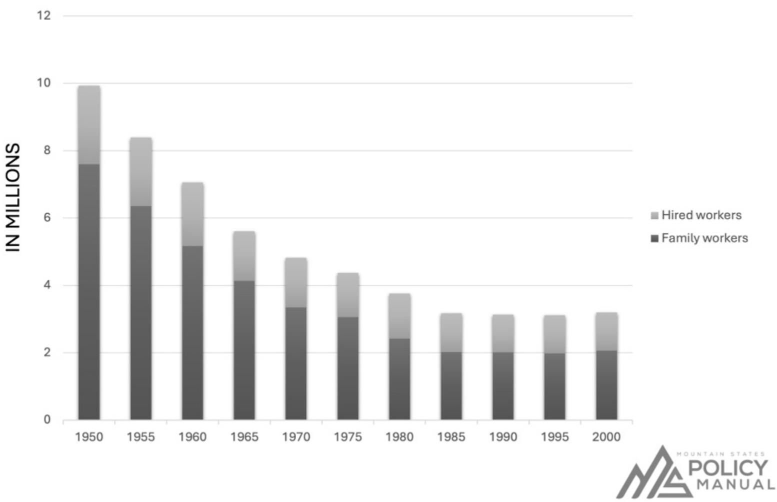
[2] "The Link Between Consumer Prices, Labor Costs, and Immigration in the U.S.: Bivariate Associations," Texas A&M University, available at https://www.tamiu.edu/coas/documents/tamiu-abic.pdf
[3] "The U.S. Farm Labor Shortage," AG AMERICA, February 26, 2020, available at https://agamerica.com/blog/the-impact-of-the-farm-labor-shortage/

Family and hired farmworkers on U.S. farms



Washington far outranks Montana, Idaho, Utah, and Wyoming in their number of agricultural workers. Unfortunately for Washington farmers, their state burdens them with more complications. Washington state requires multiple layers of regulation to hire H-2A workers, wastes tax dollars to hire uninterested local workers, and recently removed the agricultural overtime exemption. From 2002 to 2017, Washington saw the 2nd highest loss of agricultural employers in the nation, a 23% decrease.

Oregon, following Washington's lead, has enacted challenging agriculture labor legislation. The result urged some farms along the border to jump ship and move packing houses to the more friendly state of Idaho. Or even more sadly, small family farms gave up and the ground has been taken over by larger corporations that can more efficiently handle the staffing complexities. From 2002-2017, Oregon experienced a 6% loss in operations hiring workers, while Idaho increased its farm operations by 3%.

H-2A (temporary visa) workers are vital to farms

Excessive state restrictions on the H-2A program need to be stopped due to the damage to an already complex and frustrating system. Bureaucratic delays in paperwork, excessive housing and work environment requirements, unrealistic efforts to encourage the employment of domestic workers, prevent and postpone H-2A workers from working and receiving a good income to take back home.

Agriculture labor needs will always be seasonal, and laws should favor workers that adapt and thrive in this seasonality. Laws that complicate the ability to pay workers based on performance (i.e., piece-rate pay) or that prevent workers from earning a year's income in a 6-9 month season (i.e., agricultural overtime) hurt farmworkers and farmers. Agriculture's long-existing overtime exemption has been removed in California, Washington, Oregon, and other states. The implementation of this policy is quickly eroding the ability of workers to earn a year's income within the 6-9 month growing season and for farms to meet the seasonal labor demands of farming.

V. Taxes should not unfairly favor or punish farmers

Farmers should be treated equally with other businesses. Taxes need to respect how agri-businesses are organized, and not unduly burden farming organizations. The federal government's so-called 'Death Tax' can destroy farming operations.

When someone dies without effective estate planning, the federal government will claim up to 40 percent of the value of the taxable estate. For farmers, who are land rich but cash poor, the liquid assets needed to cover the taxable value are insufficient. Farms are then sold to pay the debt. Legislators have increased the exemption amount in recent years and are working on making this fix more permanent. States without death taxes should avoid one and those with them should repeal them.

VI. Protect the ability of small farms to thrive

Farm numbers across the United States are dwindling and our region is no exception. Our country lost 7% of farms from 2017 to 2022, and all of the Mountain States were above the national average.

From 2017 to 2022, Idaho, Montana, Washington, and Wyoming all experienced a decrease in the total number of farms. Wyoming saw the largest decrease at 12% of farms, totaling 1,394 farms in the state that chose to end operations. Montana and Washington had the second largest decreases of 10 percent, a raw total of 2,782 and 3,717 farms, respectively. Idaho trailed behind at 8 percent with 2,119 farms ending operations.

Total loss of farms
2017-2022

The decrease in farms over the last five years is the largest seen between two National Agricultural Censuses. This decrease in farming operations is seen despite the highest net farm income recorded during this time frame.

Why, during a period of historical profits were farms ending operations?

According to the census data in 2022 and 2017, farm losses were highest in the low-income categories. The smaller farms are the ones disappearing at upwards of 40% and close to 50% in the case of Idaho farms with incomes between $200,000 to $499,999. Farm number losses are huge for operations under half a million dollars in total sales.

But the trend reverses for farms with revenue above $500,000. Almost all income brackets above $500,000 saw an increase in farming operations (except one income bracket in Montana). With the largest increases in the top income category of $10,000,000 or more.

The loss of farms isn't driven by only one issue. Regulations, input costs, pandemic changes, trade disruptions, aging operators, and agricultural land development are all pushing out farms. The smallest farms are experiencing the greatest challenges. Some farms have risen to the occasion and grown to survive the market variance. However, there are still many farms ending operations.

Having many producers involved in food production insulates end consumers from supply disruptions. One producer will likely experience operational challenges throughout the growing season be it weather, trade, policy, or labor challenges. If only a few producers are present in the market supply disruptions are inevitable. However, if many producers, both small and large, are actively engaged in the industry, it insulates the end consumer from supply disruptions, because it is unlikely many producers face the same production challenges.

Challenges are increasing for farm operations as this last year was expected to be one of the largest declines in net cash farm income in history, the largest in nominal terms, and third largest adjusted to inflation.[4] Farms need to become resilient to market fluctuations like the one experienced in 2023.

U.S. farm income is falling

January 2022

Efforts should be made to ease the burdens of remaining in the agricultural industry for small producers like decreasing regulatory burdens, encouraging agricultural land to remain in production at reasonable rental rates, improving labor supply restrictions, and encouraging trade agreements benefiting agricultural products. Before

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[4] "USDA Forecasts Sharpest Decline in U.S. Farm Income in History," U.S. Senate Committee On Agriculture, Nutrition & Forestry, September 7, 2023, available at https://www.agriculture.senate.gov/newsroom/minority-blog/usda-forecasts-sharpest-decline-in-us-farm-income-in-history

policies are adopted it is worth questioning what the result will be for small producers, because those are the operations least likely to survive.