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## Building the Agricultural Economy: Policy Proposals Across the Midwest

Konrad Paczuski

legislative attorney

Jillian Slaight, PHD

legislative analyst



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One East Main Street, Suite 200, Madison, Wisconsin 53703  
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**A**griculture has long been a centerpiece of Wisconsin's economy and identity. Known as America's Dairyland, Wisconsin leads the nation not only in cheese production, but also in cranberry and snap bean cultivation, and produces several other commodities.<sup>1</sup> In 2017, the state ranked ninth nationwide in gross receipts from farms.<sup>2</sup> But Wisconsin's agriculture faces substantial challenges. Weak agricultural commodity prices led to a \$1.5 billion drop in net farm income in the state between 2013 and 2016. Although the U.S. Department of Agriculture (USDA) showed a modest increase in farm income in 2017, that figure is expected to decline by 6.7 percent in 2018.<sup>3</sup>

As the industry weathers these changes, so in turn do farming families. The USDA reports that as of 2015, the majority of American family farms operated their businesses at a loss, with most farmers depending on "nonfarm sources of income." On average, farm households' annual incomes were higher than those of nonfarming families but were simultaneously threatened by "income volatility" because of unpredictable weather and market fluctuations.<sup>4</sup> Confronted with this uncertainty, Wisconsin farmers are selling or consolidating their businesses in greater numbers than ever before. Between 2000 and 2016, the total number of farms in the state fell from 77,500 to 68,700.<sup>5</sup> The drop in dairy farms is particularly pronounced, declining from 11,761 to 8,419 between 2012 and 2018.<sup>6</sup> Alongside these changes, the average age of farmers has crept steadily upwards—from 52 to 56 years old in less than two decades—as young people are less willing to assume the risks associated with careers in agriculture.<sup>7</sup>

Meanwhile, the deteriorating economic health of rural communities provides an additional disincentive to people considering careers in agriculture. Even as the overall statewide population increased 6 percent between the 2000 and 2010 censuses, the population of many predominantly rural counties declined or stagnated.<sup>8</sup> This drop mirrored

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1. U.S. Department of Agriculture, National Agricultural Statistics Service, "[2017 Wisconsin Agricultural Statistics](#)" (September 2017), 3.

2. U.S. Department of Agriculture, Economic Research Service, "[Farm finance indicators State ranking](#)," last updated August 30, 2018; "[Cash receipts by State](#)," last updated August 30, 2018.

3. Net farm income measures the farm operators' share of the income from the agricultural sector's production. Wisconsin's net farm income in 2013 was approximately \$3.2 billion; by 2016, it had fallen to approximately \$1.7 billion. U.S. Department of Agriculture, Economic Research Service, "[Value added years by State](#)," August 30, 2018.

4. These figures reflect data for principal operators. The USDA defines a family farm as one for which "the majority of the business is owned and operated by a single nuclear or extended family." Daniel L. Prager, Sarah Tulman, and Ron Durst, "[Economic Returns to Farming for U.S. Farm Households](#)," U.S. Department of Agriculture, Economic Research Service (August 2018), 1–2.

5. U.S. Department of Agriculture, National Agricultural Statistics Service, "[Quick Stats](#)," accessed August 28, 2018.

6. U.S. Department of Agriculture, National Agricultural Statistics Service, "[Dairy](#)," last accessed August 28, 2018.

7. U.S. Department of Agriculture, National Agricultural Statistics Service, "[Quick Stats](#)," last accessed October 29, 2018.

8. Population decreased between 2000 and 2010 in the following counties: Ashland, Buffalo, Burnett, Crawford, Door, Florence, Forest, Green Lake, Iron, Langlade, Lincoln, Manitowoc, Marinette, Menominee, Oneida, Price, Rusk, Washburn, and Wood. U.S. Census Bureau, American FactFinder, "[Population, Housing Units, Area, and Density: 2000-State-County/County Equivalent](#)," accessed August 28, 2018; "[Population, Housing Units, Area, and Density: 2010-State-County/County Equivalent](#)," accessed August 28, 2018.

a nationwide trend, the result of agricultural consolidation, sluggish job growth in rural service industries, and slow recovery from the Great Recession relative to urban areas.<sup>9</sup> Regardless of cause, population decline has serious consequences for the people who remain in rural communities that may suffer from “infrastructure neglect” (i.e., limited Internet access, failing roads, and diminished school funding).<sup>10</sup> These problems can discourage young people from settling in rural areas to pursue careers in agriculture and, as such, pose threats to the continuation of the entire industry.

Amid these concerns, Wisconsin and other states in the Midwest have proposed and implemented policies that aim to support, encourage, and revitalize agriculture as both an industry and a vocation. This publication begins by summarizing agriculture-related legislation in nearby states with substantial agricultural economies. It then reviews major laws regarding agriculture enacted in Wisconsin over the past several legislative sessions. Finally, it synthesizes this information to provide a picture of the future of agricultural policy as envisioned by a variety of interested parties.

## Recent legislation in other midwestern states

Outside Wisconsin, nearby states are weathering similar economic and demographic changes. State legislatures in the Midwest have responded to these problems with proposals that fall into four general categories: promoting entry into agriculture; supporting agricultural education; developing agricultural products and markets; and providing financial relief and incentives to farmers. This section reviews acts and introduced bills from 2011 to the most recent session for Minnesota, Iowa, Illinois, Michigan, Indiana, Ohio, Kansas, and Nebraska.

### Promoting entry into agriculture

Other midwestern states have enacted legislation to incentivize involvement in agricultural professions. For instance, the Iowa Finance Authority administers several agricultural development programs that provide aid to prospective and current farmers;<sup>11</sup> for example, it may provide loans to low and moderate net worth farmers for purchasing land and equipment or making improvements.<sup>12</sup> In 2015—the most recent year statistics were reported—beginning farmers purchased 4,488 acres of land through this program.<sup>13</sup> The authority may also make loans to lending institutions on the condition that these

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9. U.S. Department of Agriculture, Economic Research Service, “Rural America at a Glance: 2017 Edition” (November 2017), 3–4.

10. Doug Farquhar, “[Jump-Starting Rural Economies](#),” *LegisBrief* 26, April 2018.

11. See generally Iowa Code Ch. 16, Subch. VIII (2018).

12. Iowa Code § 16.76.

13. Iowa Agricultural Development Division, “[2015 Annual Report](#)” (2015).

institutions disburse loan proceeds in new mortgages or secured loans to prospective and current farmers with low or moderate net worth.<sup>14</sup> In addition, the authority may purchase mortgages or secured loans made by lending institutions to low and moderate net worth farmers that meet specific requirements.<sup>15</sup>

In Minnesota, some programs designed to encourage entry into agriculture specifically target veterans. The state enacted a veterans-to-agriculture pilot program in 2015 to help veterans pursue careers related to agricultural food production, processing, and distribution.<sup>16</sup> More precisely, state funds were appropriated to establish short-term academic training programs in relevant fields of study at state colleges, six of which are required to offer this program. Participants receive academic credit upon completion of coursework and are also eligible for professional development and career outreach services. Pilot program administrators must report to the legislature about participation rates, new job placements, unmet needs, and other operations; their first report was due in December 2018.<sup>17</sup>

In Illinois, a similar program was proposed but not enacted. Illinois 2011 H.B. 3268 would have created a program to provide financial and instructional assistance to veterans interested in agricultural careers. The proposal called for the Illinois Department of Veterans' Affairs to grant \$10,000 stipends to program participants to be applied to the purchase of land or farming equipment. In addition to these funds, the department would also provide advice and instructional materials about farming and agricultural work, business management, and relevant government regulations. Finally, the bill would have also authorized the department to furnish certificates to participants that would exempt them from certain personal property taxes for up to five years.<sup>18</sup>

Elsewhere, legislators introduced but failed to enact similar tax incentives aiming to support prospective or beginning farmers. In its most recent session, Iowa House Study Bill 140 proposed income tax credits for people transferring agricultural land, equipment, crops, or livestock by lease or rental agreement to farmers with low or moderate net worth.<sup>19</sup> Similarly, 2015 Minnesota House File No. 3999 sought to encourage established farmers to mentor and financially assist apprentice farmers. To this end, the bill proposed an income tax credit for any established farmer providing agricultural assets to any prospective farmer or any farmer who had been engaged in agriculture for fewer than ten years. It proposed credits for providing agricultural investment capital or for

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14. Iowa Code § 16.64 and 16.70.

15. Iowa Code § 16.71.

16. 2015 Minn. Laws Chap. 69, Art. 1 Sec. 4, Subd. 3; Minnesota State—Academic and Student Affairs, “[Veterans to Agriculture Pilot Programs at South Central College](#)” (December 2016).

17. “[Mandate Details](#),” Minnesota Legislative Reference Library, last accessed November 12, 2018.

18. H.B. 3268, 97th Leg., Reg. Sess. (Ill. 2011).

19. H. Study B. 140, 87th Leg., Reg. Sess. (Iowa 2017).

sharing or transferring any of the following: land; machinery; or production, processing, and storage facilities for livestock, poultry, or crops. Under the proposal, the Minnesota Department of Agriculture would have determined credit eligibility, credit amounts, and reporting requirements.<sup>20</sup>

### **Supporting agricultural education**

Nearby states have also explored policies that focus on educating children about agriculture from kindergarten to high school. Like the incentives described above, these policies seek to encourage careers in agriculture and, as a result, lower the average age of farmers and slow rural population decline. This effort often translates to support for agricultural educators, including professional development opportunities, student loan assistance, and funding for special classroom projects.

Illinois established the Agriculture Education Shortage Task Force in 2017 to make recommendations regarding the recruitment and retention of agricultural educators. The task force must review the number of teachers, graduates, and teaching positions available in the field statewide, as well as assessing licensure standards for agricultural educators.<sup>21</sup> Its recommendations were due on January 1, 2019.<sup>22</sup> In the interim, the state's agricultural educator grant program took effect in 2017, complementing existing agricultural education grants.<sup>23</sup> Under this new program, the Illinois State Board of Education provides funds to school districts to compensate agricultural educators. Schools with agricultural education programs that have been operating for fewer than 10 years are eligible for funding. Grants may cover as much as 100 percent of additional instructional costs associated with these programs in their first two years and up to 80 percent of costs in the subsequent two years.<sup>24</sup>

Minnesota has also taken steps to assist agricultural educators. The state recently appropriated funds to create and develop a state university-hosted teacher preparation program oriented towards licensure in agricultural education.<sup>25</sup> Moreover, the state provides up to \$3,000 per year for a maximum of five years to agricultural educators who teach students in grades 5 to 12 to repay student loans related to their agricultural education.<sup>26</sup> Funding recipients are required to sign a contract to work a minimum of one year, full time, at a particular school and must also verify that funds received were

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20. H. File 3999, 89th Leg., Reg. Sess. (Minn. 2015).

21. 105 Ill. Comp. Stat. 5/2-3.80c (2018); Illinois Public Act 100-118.

22. "Commissions, Committees, and Task Forces: Agriculture Education Shortage Task Force," Illinois State Board of Education, last accessed November 12, 2018.

23. "About FCAE," Illinois Agricultural Education, last accessed November 12, 2018.

24. 105 Ill. Comp. Stat. 5/2-3.80b (2018); Illinois Public Act 099-0826.

25. 2015 Minn. Laws Chap. 69, Art. 1 Sec. 4, Subd. 3; Minnesota State, "Teacher Preparation in Agricultural Education" (February 2017).

26. Minn. Stat. § 136A.1794 (2017).

applied to qualified student loans. A policy brief on this program points out its benefits and potential pitfalls: on one hand, it supports agricultural educators who might otherwise leave the profession; on the other hand, it channels funding to people who “would choose to work in the targeted . . . career field even in the absence of the loan forgiveness.” In other words, the policy may “[expend] funds without actually adding to the number of workers.”<sup>27</sup>

Beyond supporting teachers, enacted legislation in Minnesota has also sought to expand agricultural education programs. The Minnesota Agricultural Education Leadership Council provides grants to educational institutions for elementary, secondary, and postsecondary agricultural education. Grants may be used for planning and establishment costs, new instructional and communication technologies, in-service training, support staff, and curriculum updates.<sup>28</sup> Recent examples include a grant of \$2,880 to Stillwater Area High School to conduct a trout stream study, \$11,856 to Buffalo Lake-Hector-Stewart High School to integrate food science into its existing agriculture curriculum, and \$24,950 to the Minnesota Association of Agricultural Educators towards professional development.<sup>29</sup> A separate Minnesota program appropriates funds for farm business management faculty to develop and teach online courses in agriculture. Recipients must focus on introductory coursework and coordinate with colleagues at other institutions to offer complementary courses and avoid duplication.<sup>30</sup>

Elsewhere, enacted legislation promotes participation in agricultural education beyond the classroom. Ohio’s recent budget does so by authorizing the Ohio Department of Education to assist with the programs and activities of the Future Farmers of America (called the Ohio FFA Association within the state). This assistance may include funding as well as the use of department personnel, services, and facilities.<sup>31</sup>

Other state legislatures saw similar policies proposed but not enacted. In Nebraska, L.R. 511 sought to study whether primary schools in the state provided students with agricultural literacy.<sup>32</sup> The bill would have created a legislative committee to study agricultural literacy in K–12 education, develop policy recommendations, and report findings.<sup>33</sup>

Taking an alternative approach, 2017 Indiana H.B. 1283 would have made certain schools’ rankings contingent on the inclusion of agricultural education coursework in their curriculum. Specifically, the bill would have required school districts, charter high

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27. Sean Williams and Nathan Hopkins, “[Minnesota’s Student Loan Forgiveness and Repayment Assistance Programs](#),” Minnesota House of Representatives Research Department (July 2018), 11.

28. Minn. Stat. § 41D.02 (2017).

29. Minnesota Agricultural Education Leadership Council, “[Strategic Initiatives Grants](#),” Minnesota State Government.

30. 2015 Minn. Laws Chap. 69, Art. 1, Sec. 4, Subd. 3.

31. Ohio Rev. Code Ann. § 3303.20 (LexisNexis 2018), amended by H.B. 49, 132d Gen. Assemb., Reg. Sess. (Ohio 2017).

32. As defined by the Foundation for Agriculture, agricultural literacy designates a general understanding of “the relationship between agriculture and the environment, food, fiber and energy, animals, lifestyle, the economy and technology.” “[Agricultural Literacy is Knowledge](#),” Foundation for Agriculture, accessed November 12, 2018.

33. Legis. Res. 511, 102d Leg., Reg. Sess. (Neb. 2011).

schools, and accredited nonpublic high schools to offer at least one course in agricultural science each semester to receive the highest designation in the state's school improvement classification system. The bill also would have required schools to excuse absences due to participation in 4-H or Future Farmers of America events or, for students 14 years of age or older, to assist parents with certain farm work.<sup>34</sup>

Also introduced, but not enacted, 2017 Minnesota Senate File 1846 proposed to provide on-the-job training in agriculture. The bill would have required the Minnesota Department of Labor and Industry, alongside representatives of industry, to develop employment-based programs to provide training and technical instruction to employees in agricultural occupations during the performance of their work.<sup>35</sup>

### **Developing products and markets**

While state legislatures consider bills designed to broadly encourage careers in agriculture, they have also pursued policies to support specific types of agriculture. One particularly common approach in midwestern states has been to incentivize value-added agriculture. As defined by the USDA, value-added agriculture generally refers to agricultural commodities that have been produced, processed, or marketed in ways that increase their value and stimulate demand. This definition encompasses a broad range of agricultural production, including, for example, cherries processed and sold as pies or jam, pork processed and sold as sausage, ethanol created from corn, and energy created from animal waste.<sup>36</sup> Similarly, states have sought to support areas of agriculture that have expanded rapidly in recent years, like organic and local produce, farmers' markets, and industrial hemp cultivation.

In 2013, Michigan established a program to provide rural development value-added grants administered by the Department of Agriculture and Rural Development. Eligible grant recipients, which include local units of government, must provide matching funds toward projects that promote the expansion of value-added agricultural production and processing. A joint evaluation committee, whose members are selected by the department for their expertise in agriculture and development, identifies award criteria, evaluates applications, and provides recommendations for awards.<sup>37</sup> Recent awards include \$125,000 to Michigan Farm to Freezer for the purpose of purchasing "cutting-edge equipment to flash freeze Michigan grown fruits and vegetables" and \$125,000 to the Ypsilanti Food Cooperative to expand production at its bakery and café.<sup>38</sup> Similarly,

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34. H.B. 1283, 120th Gen. Assem., First Reg. Sess. (Ind. 2017).

35. S. File 1846, 90th Leg., Reg. Sess. (Minn. 2017).

36. Anil Rupasingha, John Pender, and Seth Wiggins, "[USDA's Value-Added Producer Grant Program and Its Effect on Business Survival and Growth](#)," U.S. Department of Agriculture Economic Research report no. 248 (May 2018), 3. See also 7 C.F.R. § 4284.902, 2018, for a definition of "value-added agriculture."

37. 2013 Michigan Public Acts 59, Sec. 701.

38. "[2018 Value Added Grant Recipients](#)," Michigan State Government, accessed November 12, 2018.



Michigan also operates an award program to “recognize Michigan restaurants sourcing Michigan made agriculture products and food products.”<sup>39</sup>

The Nebraska Department of Economic Development also awards funds to support innovation and development in value-added agriculture. Nebraska’s program aims to encourage the production and marketing of specialty crops and to support small enterprises that engage in value-added agriculture. Funding recipients must provide matching funds in the amount of 25 percent of the total assistance.<sup>40</sup> Similarly, the Iowa Department of Economic Development provides grants, loans, and forgivable loans for advanced research and commercialization projects involving value-added agriculture.<sup>41</sup>

Promoting farmers’ markets has been another focus of agricultural aid. In Kansas, a law enacted in 2013 created a central registration of farmers’ markets for the purpose of increasing publicity among agricultural producers and consumers. Kansas also provides limited liability from certain damages to the operator of a farmers’ market who registers with the state.<sup>42</sup>

Legislation relating to organic agriculture has been proposed but not enacted. As an example, 2017 Minnesota H.F. 278 proposed an organic production program and related tax credit. The bill would have authorized the Department of Agriculture to approve proposals to dedicate certain lands as organic agriculture production and demonstration zones, with the goal of demonstrating the production of organic crops on a commercial scale. After designating such a zone, the department would have assisted in acquiring land and crop insurance, recruiting agricultural producers, and developing markets for the crops cultivated there. Finally, the bill would have provided property tax credits for lands located within organic production and demonstration zones.<sup>43</sup>

Finally, other introduced bills advocated for enhanced study of certain areas of agriculture. For example, Ohio 2011 H.B. 240 proposed to create a permanent sustainable food advisory council to develop sustainable food programs. The council would have been responsible for issuing annual reports on its findings, as well as recommendations aiming to increase access to sustainable local foods produced in the state within both public schools and public assistance programs.<sup>44</sup> Along similar lines, Nebraska 2015 L.R. 535 proposed conducting a study to examine ways of assisting livestock producers seeking to enter into value-added activities related to processing and marketing meats.<sup>45</sup>

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39. “[Michigan GROWN, Michigan GREAT Award](#),” Michigan State Government, accessed November 12, 2018.

40. Neb. Rev. Stat. § 81-12, 159 (2017).

41. 2011 Iowa Acts Chapter 130.

42. Kan. Stat. Ann. § 2-3803 and § 2-3804 (2017). For a summary, see “[Kansas Farmers’ Market Promotion Act; SB 120](#),” Kansas Legislature, accessed November 12, 2018.

43. H. File 278, 90th Leg., Reg. Sess. (Minn. 2017).

44. H.B. 240, 129th Gen. Assemb., Reg. Sess. (Ohio 2011). Ohio would have joined other states that have implemented food policy councils to promote local agriculture, develop local economies, increase access to nutritious foods, combat hunger, and compile research to further these goals. These include [Nevada](#), [Pennsylvania](#), [Michigan](#), [Colorado](#), and [Connecticut](#).

45. Legis. Res. 535, 104th Leg., Reg. Sess. (Neb. 2015).

## **Providing financial relief and incentives**

Finally, several states have assessed approaches for making financial relief and incentives available to broader categories of farmers. Overall, this legislation aims to assist those already feeling the negative effects of changes within the industry.

Michigan renewed a program in 2018 that aims to support farmers following natural disasters. Specifically, the state pays loan origination fees for loans made by financial institutions to farmers whose crops are damaged by floods, droughts, fires, or other natural disasters. The loans may last up to five years, with payments beginning at least two years after issuance of the loan, and are subject to interest rate limits. Eligible loan recipients must be engaged directly in agriculture or retail sales related to farming; their losses must result from an agricultural disaster declared by the governor and must also satisfy certain criteria.<sup>46</sup>

In Iowa, 2013 H.B. 2426 would have authorized the Iowa Economic Development Authority to provide various types of assistance, such as loans, loan guarantees, grants, and equity financing, in amounts up to \$50,000. Certain small farm operations participating in these programs would have received property tax exemption certificates. These operations would also have been eligible for a maximum of \$10,000 in income tax credits for selling fruits and vegetables to schools.<sup>47</sup> Likewise, 2015 H.B. 427 proposed property tax exemptions and income tax credits for certain small farm operations selling produce to schools. The bill would have also enabled loans, loan guarantees, grants, or equity financing for small farm operators to improve or expand an existing farm, or to engage in a cooperative processing or marketing venture. Finally, it would have established a marketing program through the Iowa Economic Development Authority to promote new markets for products from small farmers.<sup>48</sup>

Along similar lines, Nebraska 2015 Legislative Bill 1048 proposed tax credits for certain equity or debt investments. In particular, a person would have been able to solicit private investors to purchase debt instruments maturing in at least five years or equity interests in a small business growth fund. The purpose of these funds would have been to invest capital or equity in, or make loans to, businesses having fewer than 250 employees and whose principal business operations are located in a rural area or engage in agriculture, are involved in processing or marketing agricultural products, or produce or provide goods or services used by farmers. If a fund satisfied requirements for certain types of investment companies existing under federal law and met additional criteria, the Department of Revenue would have certified the fund and provided a

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46. 2018 Michigan Public Acts 111.

47. Income tax credits amount to \$10,000 or up to 50 percent of the purchase price by the school, whichever is less. H.B. 2426, 85th Leg., Reg. Sess. (Iowa 2013).

48. Small farms are defined as those 30 percent or less of the median size of a farm in the state. H.B. 427, 86th Leg., Reg. Sess. (Iowa 2015).

tax credit certificate to the fund's investors. With a certificate, an investor would have been eligible to claim an income tax credit equal to the amount of the investor's capital contribution.<sup>49</sup>

## Recent legislation enacted in Wisconsin

In recent years, legislation enacted in Wisconsin has focused on promoting careers in agriculture, providing tax relief to farmers, and encouraging investment and research in promising agricultural sectors. For instance, 2017 Wisconsin Act 121 aimed to draw more veterans into agriculture and support those already engaged in the industry. This act created the Veteran Farmer Assistance and Outreach Program to help both veterans and Wisconsin's agricultural economy. Specifically, the act required the Department of Agriculture, Trade and Consumer Protection (DATCP) to establish a program to (1) assist veterans in rural and urban communities; (2) provide employment, mentorship, and outreach opportunities; (3) facilitate educational opportunities; (4) provide advice, technical assistance, and training; (5) connect veterans with local, state, and federal resources; and (6) create an Internet site for the program. In addition, under the program, the Department of Veterans Affairs certifies veterans and their immediate family members to use an official logo that designates agricultural products produced by veterans.<sup>50</sup>

Another recently enacted law, 2017 Act 100, created a pilot program for industrial hemp. Industrial hemp has uses in building materials, textiles, fiber, food, floor coverings, oil, fuel, paint, animal feed, paper, particle board, plastics, and cosmetics, among others. Under the pilot program created by the act, DATCP may grant licenses to cultivate, test, process, and transport industrial hemp to the extent allowed under federal law.<sup>51</sup>

Through recent acts of the legislature, the Farmland Preservation Program has provided tax credits for certain farmers. Under this program, certain farmland owners are eligible to receive income tax credits if they use the land for agricultural purposes. Credit amounts are based on the farmland's acreage and its location in a farmland preservation zoning district or inclusion in a farmland preservation agreement. Additionally, in order to qualify for the credit, farmland must be located within an agricultural enterprise area, which is a designation made by DATCP after receiving a petition from local government units and farmers. The cap on the total amount of agricultural enterprise areas that DATCP is authorized to designate was raised from 1 million acres to 2 million acres by 2013 Act 352.<sup>52</sup>

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49. Legis. B. 1048, 104th Leg., Reg. Sess. (Neb. 2015).

50. [2017 Wis. Act 121](#).

51. The 2014 Federal Farm Bill authorizes states to establish a pilot program to study the cultivation and marketing of industrial hemp. 7 U.S.C. § 5940 (2018).

52. Wis. Stat. § 71.613.

From 2010 to 2013, an income tax credit existed for the financial education of beginning farmers and for established farm owners who leased farm assets to beginning farmers.<sup>53</sup> In particular, a person who had farmed for fewer than ten out of the previous fifteen years, who had a net worth of less than \$200,000, and who enrolled in a farm financial management course offered by an educational institution was eligible to claim a onetime tax credit for the cost of enrolling in that course, up to a limit of \$500. A tax credit also existed for a person who had engaged in farming for at least ten years and entered into a lease for a term of at least three years with a beginning farmer for the use of machinery, equipment, facilities, or livestock. Before it lapsed, this credit was equal to 15 percent of the amount received under the lease and could be claimed during the lease's first three years. The 2011 biennial budget also created an income tax credit on the basis of income derived from agricultural property, which was phased in beginning in 2013.<sup>54</sup>

In addition, the legislature authorized DATCP to provide aid to dairy producers and dairy processing plants through a grant and loan program for promoting the growth of the dairy industry through research, planning, and assistance.<sup>55</sup> Using this authority, DATCP promulgated rules establishing the Grow Wisconsin Dairy Producer Grant and Loan Program, which provides funds for projects that do the following: (1) increase production, profitability, processing, marketing, or distribution of Wisconsin dairy products; (2) increase capital investment; (3) apply new technologies related to dairy production; (4) make more efficient use of farmland and other agricultural resources; or (5) create or retain jobs in the dairy industry.<sup>56</sup> Dairy processing plants and dairy producers may use grants received under this program for operating expenses and renting equipment, and may use loan receipts for operating expenses and purchasing or leasing land, buildings, and equipment.<sup>57</sup> Loans and grants are awarded under the program on the basis of, among other things, the viability of the project, the management and technical qualifications of the applicant, the qualifications of the people who will carry out the project, the financial capacity of the applicant to complete the project, the adequacy of the project plan and budget, and whether the applicant will provide matching funds related to the project.<sup>58</sup>

In recent years, other programs have also been targeted to help rural areas and farmers. In 2018, the Public Service Commission awarded \$7.7 million in grants for expanding

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53. Wis. Stat. §§ 71.07 (8r), 71.28 (8r), and 71.47 (8r).

54. 2011 Wis. Act 32; Wis. Stat. §§ 71.07 (5n) and 71.28 (5n).

55. Wis. Stat. § 20.115 (4) (d) and (dm) and § 93.40 (1) (g).

56. Wis. Admin. Code ATCP Ch. 161, Subch. VI, and § 161.62 (1).

57. Wis. Admin. Code ATCP § 161.63 (1) and (3). Dairy processing plants and dairy producers may not use the funds for repaying loans and may not use grant funds for capital acquisition or administrative or overhead expenses not directly related to the project. Wis. Admin. Code ATCP § 161.63 (2) and (4).

58. Wis. Admin. Code ATCP § 161.65 (2) and (3).

rural internet and broadband access in rural areas<sup>59</sup> in addition to the millions of dollars in grants for expanding rural high-speed Internet access that the commission granted in prior years.<sup>60</sup> Several programs administered by the Wisconsin Economic Development Corporation are also aimed at rural areas. For example, the Business Development Loan Program provides financing to certain small businesses for, among other things, real property, plant, and equipment expenses, though farms are not eligible.<sup>61</sup> WEDC provides lower interest rates to rural small businesses than to non-rural businesses for the financing available under the program. Similarly, WEDC's Brownfield Grant Program, which provides grants for rehabilitating or remediating idle land that may be affected by environmental contamination, requires a lower matching investment for grants awarded in rural areas.<sup>62</sup> Grants are also available to rural areas for infrastructure investment and project or site development planning, among other activities, under the Community Development Investment Grant Program administered by WEDC.<sup>63</sup>

## Conclusion

On one hand, the policies proposed in Wisconsin and nearby states reveal similar approaches to identifying the problems facing agriculture and how to solve them. Common ideas included in recent legislation are that state governments should (1) promote areas of economic expansion and innovation, like value-added agriculture, and (2) devote considerable effort to recruiting and retaining younger farmers. On the other hand, legislators disagree on the best means of achieving these goals. Some advocate for programs that directly and exclusively support farmers and farm operations, whereas others lobby for broader policy approaches. Recent data that reveal noteworthy changes in the agricultural sector might be useful for informing policy in this field. This conclusion reviews areas of consensus and division, outlines the positions of other interested parties, and points to unexplored areas for policy to consider.

First, a chorus advocates for state investment in areas of agriculture that have expanded, like value-added agriculture. As an example, organic farming has flourished in Wisconsin, where sales exceeded \$200 million as of 2014 and will likely continue an upward trajectory. That said, organic processing facilities within the state have not advanced at the same breakneck pace, and producers struggle to meet consumer demand as a result. Experts suggest that one way to support agriculture is to identify and develop areas of

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59. Nathan Phelps, "State grants to spur rural broadband projects in Oconto Falls, Sheboygan County," *Green Bay Press Gazette*, April 18, 2018.

60. Public Service Commission, "[Broadband Expansion Grants, Previous Grant Recipients.](#)"

61. Wisconsin Economic Development Corporation, "[Business Development Loan Program.](#)"

62. Wisconsin Economic Development Corporation, "[Brownfields Grant Program.](#)"

63. Wisconsin Economic Development Corporation, "[Community Development Investment Grant.](#)"

the agricultural economy, like organic processing, where new markets are multiplying.<sup>64</sup> Many of the bills outlined in this publication adopt a similar approach—identifying an area of growth and incentivizing activity there.

Policymakers have also honed in on the rising age and declining number of farmers, and thus the urgency of recruiting new, younger farmers. Although many of the policies outlined in this publication attempt to recruit farmers through investments in agricultural education, many interest groups argue for a different approach. According to the National Young Farmers Coalition (NYFC), access to affordable land constitutes one of the most significant “structural and economic barriers that prevent motivated young people from starting and growing farm businesses.”<sup>65</sup> Between 1951 and 2007, the projected time to pay off purchased farmland in the United States more than doubled, rising from 14 to 33 years.<sup>66</sup> Against this backdrop, NYFC proposes myriad policies, including “state programs that purchase agricultural conservation easements,” “tax incentives for landowners who lease or sell land or other agricultural assets to beginning farmers,” and “pathways for young and beginning farmers to lease state-owned land.”<sup>67</sup> At the state level, the Wisconsin Farm Bureau Federation also advocates for financial incentives like programs that “assist in the transfer or startup of a farm,” as well as “the elimination of the state capital gains tax on the sale of a farm.”<sup>68</sup>

Where interest groups and legislators diverge is on the question of whether to support policies that directly and exclusively assist farmers or to pursue more indirect, sweeping policies. Additionally, states face the challenge of developing policy that supports farmers and simultaneously addresses the problem of rural depopulation. Some interest groups argue that agricultural economies are bound so tightly to the economic health of rural communities that no solution in one area can be successful without also addressing the other. In certain instances, states have heeded this call, taking steps to “jump-start” rural communities by incentivizing business investment and relocation there.<sup>69</sup> Groups like the Center for Rural Affairs outline other key policy options that encompass agriculture but extend beyond it, including investments in organic agriculture, agricultural conservation, renewable energy, and broadband.<sup>70</sup> Elsewhere, legislators have explored policies

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64. Lisa Bauer, Cris Carusi, Anders Gurda, Ruth McNair, and Erin Silva, “[Organic Agriculture in Wisconsin: 2017 Status Report](#),” the Center for Integrated Agricultural Systems at UW–Madison and the Wisconsin Department of Agriculture, Trade and Consumer Protection (February 2017), i–iii. On the national level, the National Farmers Union advocates for similar strategies, like loosening regulations on small-scale meat processing operations and other “artisan producers” that sell commodities directly to consumers. “[Policy of the National Farmers Union](#),” National Farmers Union, March 3–6, 2018.

65. National Young Farmers Coalition, “[Building a Future with Farmers II: Results and Recommendations from the National Young Farmer Survey](#)” (November 2017), 17.

66. *Ibid.*, 38.

67. *Ibid.*, 12, 65.

68. Wisconsin Farm Bureau Federation, “[2018 Farm Bureau Policy: Adopted by delegates at the 98th Wisconsin Farm Bureau Federation Annual Meeting](#)” (2018), 19.

69. Doug Farquhar, “[Jump-Starting Rural Economies](#),” *LegisBrief* 26 (April 2018).

70. Johnathan Hladik, “[Map to Prosperity](#),” Center for Rural Affairs (October 2018).

that address the health of both rural and urban communities in an integrated fashion, like farmers' market legislation, that not only seek to expand and sustain agricultural markets, but also address urban issues like food deserts and malnutrition.<sup>71</sup>

Wherever legislators fall on the question of approach—direct or indirect—they must consider important demographic data about the changing composition of farm ownership and labor. Survey data compiled by the NYFC from 3,500 farmers under 40 years old reveal that young farmers are different from their older peers in several ways. They are more likely to be women, hold college degrees, market products directly to customers, and identify themselves as “sustainable” or “organic” producers.<sup>72</sup> These differences may also indicate that young people are motivated to farm for different reasons than they were in the past—a variable policymakers may wish to consider while proposing and implementing policy. ■

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71. “Farmers’ Market,” National Conference of State Legislatures, last updated March 2015.

72. *Ibid*, 9, 28.