



ROGUE FARM CORPS

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April 3, 2017

Representative Brian Clem, Chair
House Agriculture and Natural Resources Committee
900 Court St. NE, H-478
Salem, Oregon 97301

RE: HB 3249, Oregon Agricultural Heritage Program

Chair Clem and Members of the House Agriculture and Natural Resources Committee:

Thank you for the opportunity to provide public testimony in support of HB 3249. This bill would provide timely support to Oregon's agricultural economy, rural landscapes, and the farmers and ranchers who are critical to the health of both. Rogue Farm Corps is an Oregon nonprofit that educates and prepares the next generation of Oregon farmers and ranchers.

In 2016, our Farm Preservation Program Director assisted Oregon State University and Portland State University in conducting research on trends in farm succession, access to land, and land use in Oregon – “The Future of Oregon Farmland.”¹ This report found that Oregon farmers and ranchers have never been older on average. As a result, 64 percent of Oregon's agricultural land (10.45 million acres) is owned by individuals over the age of 55 and will likely change hands in the next 20 years. Who will acquire these lands and what they will do with them is uncertain, since the report estimates that up to 80 percent of Oregon farmers and ranchers do not have a thorough succession plan.

Agriculture is Oregon's 2nd largest economic driver, with an economic impact of \$8.2 billion in 2015.² Agriculture directly accounts for 4 percent of the state's employment and indirectly accounts for 14 percent³ – many of these jobs in rural Oregon.

Land is obviously indispensable for agriculture. Likewise, agricultural land is an integral part of Oregon's landscape, as over one quarter of Oregon's land (16.3 million acres) is in agricultural production. These lands provide a) open space for wildlife migration, b) associated streams, riparian areas, and other wildlife habitat, and c) unpaved surfaces that filter and store water. These lands also provide an essential buffer between Oregon's urban areas and wild areas.

¹ “The Future of Oregon's Agricultural Land,” Oregon State University, Portland State University, and Rogue Farm Corps. 2016. Retrieved from:

http://centerforsmallfarms.oregonstate.edu/sites/centerforsmallfarms.oregonstate.edu/files/formatted_future_of_farmland_final_0.pdf

² Id.

³ Id.



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However, despite Oregon's land use system, these lands are under threat. Our report found that over half a million acres have fallen out of agricultural use and 65,600 acres were taken out of Exclusive Farm Use zoning since 1974.

The rapid incidence of unplanned estates will likely exacerbate this trend. When farmers and ranchers pass their estate without a plan, portions or all of the land is often sold in order to divide the estate between heirs and pay attorney fees and taxes. In a planned estate, the farmer or rancher could arrange for the farmland to remain intact and pass to the next generation while non-farm assets are set aside for the non-farming heirs. Using tools like working lands easements or covenants as part of a plan, the land-rich and cash-poor farmer or rancher may generate liquidity from an otherwise illiquid asset (real estate) which they can use to pay liabilities and the inheritance of non-farming heirs. At the same time, working lands easements preserve agricultural land, with all of its economic and environmental benefits, for the benefit of future generations.

Federal funding exists for working lands easements – the National Resource Conservation Service's Agricultural Land Easement Program – Agricultural Land Easements (ACEP-ALE). However, to date, Oregon has only received 0.19 percent of the total U.S. allocations for financial and technical assistance for this program.⁴ States that have received more federal funding include the 28 U.S. states that have one or more working lands easement funding match program.⁵

**Oregon does not currently have a program that matches well with ACEP-ALE.
The Oregon Agricultural Heritage Program would be that program.**

Support for succession planning is also essential for these Oregonians. Since January of 2017, our Farm Preservation Director has presented our research at 21 events in 12 counties around the state, travelling almost 3,500 miles and speaking with over 900 people, including almost 650 farmers and ranchers. From her conversations, it is exceedingly clear that Oregon farmers and ranchers struggle to create a succession plan, and that many will leave die without planned estates if they do not receive resources and assistance at this crucial time.

Many farmers do not understand the importance of planning and do not realize that their farm might be divided into unviable parcels or sold outright if they "leave it to the kids to figure out." Many farmers feel so emotionally burdened by the "weight" of their legacy or by the interpersonal issues that they must address *before* they can even think about the estate that they

⁴ Agricultural Conservation Easement Program Agricultural Land Easements. (2015, September). American Farmland Trust and USDA NRCS, Retrieved from http://www.farmlandinfo.org/sites/default/files/Agricultural_Conservation_Easement_Program_Agricultural_Land_Easements_2015_AFT_FIC.pdf

⁵ "Status of State PACE Programs," Farmland Information Center, Retrieved from http://www.farmlandinfo.org/sites/default/files/State_Purchase_of_Agricultural_Conservation_Easement_Programs_2016_AFT_FIC_09-16%5B1%5D.pdf



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avoid planning. Still more farmers don't even know how to begin the process. This is consistent with national data that found that 82 percent of U.S. farmers lack an exit strategy or do not know how to create one.⁶

Oregon State University's Ties to the Land curriculum is an excellent tool to assist these farmers. However, unless there is funding to support educators, the program lives only on the internet. Aging farmers and ranchers require in-person presentations of the material in order to meaningfully work through the emotionally and logically challenging course work. To be at all effective, funding is necessary to support the delivery of this program.

This issue cannot wait another legislative session.

To summarize, a large amount of agricultural land will be changing hands in the very near future, many farmers and ranchers have no succession plan, and the land will likely be fragmented and is more likely to be taken out of agricultural use if steps are not taken immediately.

For the sake of one-quarter of Oregon's land base, and the businesses, rural communities, wildlife, and Oregon way of life that depend upon it, Rogue Farm Corps urges you to **pass House Bill 3249, the Oregon Agricultural Heritage Program, with a "do pass" recommendation.**

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart O'Neill". The signature is fluid and cursive, with a large initial "S" and "O".

Stuart O'Neill
Executive Director
Rogue Farm Corps

⁶ Spafford, K. (2006). Legacy by Design: Succession Planning for Agribusiness Owners. State Board of Agriculture. (January, 2015). State of Oregon Agriculture: Industry Report from the State Board of Agriculture. <http://www.oregon.gov/ODA/shared/Documents/Publications/Administration/BoardReport.pdf>