

A Successful Farm Business – Beyond the Land

Farmland is just one of several inputs needed to create a successful farm business. The more economically viable that farm business buyer is, the more readily it will compete with other non-farm buyers. For the purposes of stimulating further discussion on the land issues, the following list is provided of non-land agricultural business inputs as well, along with some of the needed infrastructure that may support each input.

1) Water

Water is fundamental to all of agriculture. Even in rainy Western Washington, access to supplementary water is usually required for dry periods. Issues:

- a) Reliable water rights rules and systems
- b) Access to water at the right time
- c) Infrastructure for water delivery
- d) Sale/lease/disposition of conserved water
- e) Water trusts
- f) Condemnation of water

2) Marketing

Agriculture is a global business but the vast majority of farming is done by relatively small, family owned farmers who are, individually, poorly positioned to engage in large scale, market wide, and particularly global marketing. These farm businesses can benefit from the support of cooperative, collective, and public programs to fill this need. Issues:

- a) Interstate and international trade assistance
 - i) Export assistance
 - ii) Identification of market opportunities
 - iii) Promotion of local products in international trade
 - iv) Resolution of trade barriers
 - v) Database of agricultural product suppliers
- b) Virtual marketplace
- c) Access assistance to mass markets for small and medium-sized producers – cooperatives
- d) Farmer assistance with green marketing
- e) State and county fairs
- f) Support for direct farm to consumer sales
 - i) Farmers markets
 - (1) New farmers market development
 - (2) Stable site establishment
 - (3) Investments in farmers market infrastructure
 - ii) Consumer education programs – food connections programs
 - iii) Grant assistance for direct marketing investments
 - iv) Farm-direct-market maps, websites, lists, and consumer assistance programs
- g) Buy local efforts

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- i) Branding efforts (Heart of Washington, Puget Sound Fresh, Salmon Safe, Food Alliance, etc.)
- ii) Healthy foods, healthy farms, healthy kids
- iii) Institutional buy-local efforts.
- h) Strong commodity commissions

3) Investment capital

As with any business, farmers need access to capital. This may be for land, improvements to land, equipment, conservation infrastructure, or innovation and diversification. Capital is also needed for off-farm infrastructure businesses necessary for the farm's survival. Issues

- a) Infrastructure on-farm
 - i) Land
 - ii) Fixtures and improvements to land
 - iii) Equipment
 - iv) On farm processing
 - v) Direct marketing infrastructure – structures, marketing, refrigeration, processing
 - vi) Conservation investments in land management
- b) Industry support infrastructure off-farm (suppliers, processors, services, financial, etc.)
 - i) Local/accessible processing, supply, and services industries
 - ii) Mobil slaughtering
 - iii) Ag centers
 - iv) Cooperative marketing/processing efforts
 - v) Diversification to more broadly serve industry
- c) Annual operating capital
- d) New technologies and innovation
- e) Marketing support and innovation
- f) Distribution networks – especially for small or medium sized operations
- g) Beginning farmer loan programs <http://www.wshfc.org/FarmRanch/index.htm>.

4) Energy

The cost of fuel is driving up the cost of farmers doing business. At the same time, agriculture is well positioned to be a provider of energy. Issues

- a) Low cost on-farm energy sources
- b) Support for energy crops and development of agricultural energy infrastructure
- c) Support of local agriculture

5) Business and economic development planning

Individual farms need business plans, and farming communities need economic development strategic planning for the industry. The Future of Farming study is a statewide effort, but there need to be local county-level efforts as well. And farmers need support for their own business planning informed by and consistent with the plans for their community. Issues

- a) Business planning (and training) for farm businesses
- b) Economic development planning at State and local community level
 - i) Demand assessment
 - ii) Market assessment
 - iii) Emerging opportunities

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- iv) Comparing economic impacts
- v) Etc.
- c) Integrating programs between state/community planning and farm business planning

6) **Regulatory accommodation**

Our -growing society and its ever-increasing complexity are creating a burgeoning of regulation. Often these new rules are designed for activities or concerns that have little to do with agriculture, but agricultural businesses end up included unnecessarily. At the same time, especially as farmers become more vertically integrated, as they increasingly wish to process their own product, as they enter niche markets or directly sell their production to the public, they increasingly engaged in activities that have been included in regulatory schemes. Farmers need to be able to responsibly and efficiently use the essential inputs of agriculture. Issues

- a) Labor – (What are the unique issues that suggest that agriculture be treated differently, e.g. outdoor work, transitory labor, part time labor, seasonal labor, housing needs, etc.?)
- b) Health – (What are special needs of direct markets, unique issues for small operations, on site processing, meats, eggs, dairy products sold at farmers markets, etc.?)
- c) Pesticides, fertilizers, herbicides, etc.
- d) Permitting – (Can we have special permits for farm sales that do not require multiple renewals or huge fees designed for much larger events?)
- e) Traffic – (How could limited access issues, and traffic concerns be addressed for on-farm sales operations?)
- f) Land use laws – (Can we define the kinds of not growing activities that should be permitted on farms in a way that allows reasonable direct sales and on-farm processing without eroding the intent of agricultural zoning of easements?)
- g) Environmental – (What

7) **Regulatory assistance**

Because of the welter of complicated regulatory systems farmers increasingly face, there is a need for technical assistance in government regulatory arena (e.g. “farmbudsman,” permit assistance, farmer advocacy, clearinghouse/matrix of assistance available, etc.)

8) **Right to Farm laws**

Washington has relatively sound right to farm laws, but these laws need to be re-examined with some regularity to assure that they are as strongly written as is constitutionally possible and that they incorporate the most recent and creative approaches to assure that agriculture receives the protections it needs to operate. Issues

- a) Strong, up-to-date, well-designed right to farm laws at the State and local level.
- b) Community support in enforcement of right-to-farm.

9) **Access to labor**

Farms need labor. There are some highly skilled jobs in agriculture, but most of the labor needed is semi-skilled and highly seasonal. Because agricultural products sell in an intensely competitive international marketplace, it is extraordinarily difficult for producers to pay the kind of high wages that would draw U.S.-resident labor away from the higher paying employment available to them – especially on a seasonal basis. Additionally, because the intense harvest-labor needed on many farms is so short-term each year, the labor pool needs to be willing and able to move quickly from

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place to place to take advantage of employment opportunities region-wide during the season of opportunity. Fortunately there has, historically, been a transient labor pool of skilled immigrant labor available to provide this service at a sufficiently competitive price. Issues

- a) Regulatory accommodation
- b) Housing issues
- c) Employment services
- d) Immigration issues
- e) Industrial insurance
- f) Unemployment insurance

10) Reasonable taxation

Current use property taxation is discussed above. But there are many ways in which taxation can affect a farm business. The full list should, for example, include the following:

- a) Current use tax
- b) Surface water management taxes
- c) Conservation practice sales tax exemption
- d) Cost of community services – taxes on farms too high
- e) Other tax exemptions and tax benefits
- f) Other tax issues and concerns

11) A supportive public

Agriculture also needs programs and organizations in place that help create the positive, supportive public setting in which agriculture can be securely and reliably conducted. Issues:

- a) Ag in classroom
- b) WSU extension
- c) Industry and Commodity Associations & Commissions
- d) Non-profits
- e) Harvest celebrations
- f) Fairs
- g) Improvements in access to and information to urban press
- h) Etc

12) Research, education, technical assistance

The agriculture industry needs the services of strong, full-service, land grant universities and of the agricultural extension services they can provide. This support also needs to extend beyond just the university level to include continuing education, technical assistance, and educational programs in our primary schools. And it needs a strong, well-funded, reliable research program. Issues:

- a) Foundational education in agriculture
 - i) Primary and secondary educational curriculum in agriculture
 - ii) College major education
 - iii) Scholarly advancement of field of agriculture
- b) Continuing education and training
 - i) Business management
 - ii) Enterprise development
 - iii) Agronomy, animal husbandry, IPM, and the full suite of needs for producers in a diverse farm economy

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c) Research programs.

13) Freight transportation

Transportation of agricultural products to market is an increasing concern, especially in congested Western Washington. And its cost is rising with the cost of fuel. Issues:

- a) Freight Mobility Strategic Investment Board - <http://www.fmsib.wa.gov>
- b) Local market as addressing rising cost of transportation

14) Etc.