

Raised Bills 5272, 5483, 5504: Written Testimony submitted to the CGA Environment Committee Public Hearing- Wednesday February 18, 2009

Submitted By:

Peter Orr
Fort Hill Farms, LLC, Very Alive, and CFBA Dairy Committee

I would like to testify in **support** of the following proposed bills:

Proposed H. B. No. 5272 AN ACT CREATING A RELIEF FUND FOR CONNECTICUT DAIRY FARMERS.

Proposed H. B. No. 5483 AN ACT CONCERNING FINANCIAL RELIEF FOR THE DAIRY INDUSTRY.

Proposed H. B. No. 5504 AN ACT INCREASING THE DAIRY RETAIL LICENSE FEE

I urge the Connecticut General Assembly to consider the value and the future position of the CT Dairy Industry. Dairy Farms in the State of CT provide approximately one-half of the fluid milk consumed within the state. About 20 years ago, CT Dairy farms supplied almost 100% of the fluid milk needs. Dairy is a primary manufacturer of a food item within the state's borders. Dairy takes many locally derived inputs, including land and produce a fresh perishable food product in CT. In addition to the land we grow our crops on; there are substantial forest and wetlands which provide significant wildlife and recreational uses here in CT. This agricultural landscape is maintained by having viable farm enterprises working the land, at currently little or no cost to Connecticut's taxpayers. In order to maintain viable Dairy farms, we need to cover the cost of production in order to sustain our existence. Dairy farm profitability leads to sustainability of these farms.

Most consumers are unaware that farm-gate milk prices are set by the federal government and do not take into account regional disparities in production costs. Because the government looks at milk prices on a national level which is impacted by global situations, farmers in the Northeast are at a disadvantage due to higher costs of operation, fuel and feed than farms in other parts of the country. In February 2009, the price set by the government for a gallon of milk to the farmer hovered around \$1.00 per gallon. However, the average cost for a farmer in Connecticut to produce a gallon of milk stood around 1.90 per gallon. This means for every gallon of milk sold, farmers are losing nearly \$1.00, not a good business model or recipe for on-going sustainability.

A recent study documents the economic and open space contributions that the CT Dairy Farms make in the state. **"The Economic and Fiscal Impacts of Connecticut's Dairy Industry"** - (371 KB, 32 pg, .pdf) Joint Report (Department of Economic Development, Department of Agriculture in cooperation with the University of

Connecticut Department of Agricultural and Resource Economics) to the Environment and Energy and Technology Committees, January 2009. This study was requested by the 2008 Legislature by the passage of SB 632. 'Using three economic models of the Connecticut economy, the economic impact of the Connecticut dairy industry (including processing) is estimated to be between \$832 million to \$1.1 billion in new output (sales), that in turn generates an estimated 2,465-4,242 jobs and \$145- \$208 million in additional personal income. Dairy farming is the second most valuable component of Connecticut's agricultural sector. Using approximately 72,000 acres of land the dairy industry provides benefits to the character of the state and the well-being of our citizens. For Connecticut, the study estimates these benefits at \$55 million in 2007. This represented \$762 in benefits per acre per year in dairy farmland, which is conservative relative to the findings of previous studies. It is important to note that the dairy industry is not just farms and open space, it is transportation, heavy machinery, jobs in food production, manufacturing, construction and sales.'

In fact, neighboring states such as Maine and Massachusetts have long term dairy sustainability programs in place to stimulate their Dairy Farms when the cost of production exceeds the price a Farmer receives for his or her product. These programs are either funded through tax credits or appropriations. I request that all forms of funding such a program in Connecticut be explored. Possibly some additional revenue streams could be dedicated to such a safety net program to stimulate this historic state industry.

Farmers are the original green collar workers in Connecticut and their significant current contributions to the state's economy and environment needs to be continued, stimulated and nurtured. Simply stated, a safety net or stimulus program for the state's dairy farms needs to cover the cost of production when the farm-gate price of milk falls below the cost of production in order to have long term sustainability of this industry. There can be a future in Connecticut Dairy for the farmers and consumers if you **support** House Bills: 5272, 5483 and 5504. Thank you.

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