

Written Statement of
Joey Caldwell
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On behalf of the
Agricultural Retailers Association (ARA)
to the
U.S. House of Representatives
Agriculture Committee
For a hearing on
“Financial Conditions in Farm Country”
July 23, 2024



ARA is a 501(c)(6) non-profit trade association that represents the interests of agricultural retailers and distributors across the United States on legislative and regulatory issues. As the political voice for agricultural retailers and distributors, ARA advocates on critical issues, educates legislators and collaborates with regulatory officials on important issues affecting the industry.

Introduction

Chairman Thompson, Ranking Member Scott, and distinguished members of the House Agriculture Committee. Thank you for the opportunity to testify regarding the financial conditions in farm country and their impacts on rural economies.

My name is Joey Caldwell and I serve as Senior Vice President for Retail for GreenPoint Ag. We are a farmer-owned agricultural input supplier, resulting from three financially strong businesses coming together to better serve farmers and rural communities in the Southern U.S.

GreenPoint Ag was founded in 2020, through a joint venture of our parent companies, including Alabama Farmers Cooperative (AFC), Tennessee Farmers Cooperative (TFC), WinField United, Tipton Farmers Cooperative, Farmers Inc., and Tri-County Farmers Association. We are a top wholesale and retail agronomy company, servicing farms and rural businesses with crop nutrients, crop protection, seed and professional products. We also offer seed treatment, field scouting, soil sampling, tissue sampling, custom application and a full array of ag technology services. We do this in conjunction with our farm cooperative partners at Alabama Farmers Coop and Tennessee Farmers Coop. I lead our retail division that has over 85 locations across ten states, including Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, Tennessee and Texas. We are headquartered in Decatur, Alabama.

I also appear before you today on behalf of the Agricultural Retailers Association (ARA), where I currently serve on the Board of Directors and as the son of a proud west Tennessee farmer. This is my Dad's 62nd crop and my 42nd. I'm not a farmer today because when I graduated college in the early 1980's, the farm economy was so bad, it could barely support my dad, mother, my 3 brothers, and me.

At GreenPoint, we're in the farmer success business. It is our mission to help our customers succeed in this ever-changing world. As with all of us in the U.S. supply chain, we only succeed if the American Farmer succeeds. We achieve this through delivering profitable customer solutions through trust-based relationships. We believe that strong farmers make strong families, and those strong families make for strong rural communities. It is those communities that help make the fabric of this great nation.

It is, of course, in our interest, as well as the interest of the nation and its consumers, to have a solid safety net for producers in the Farm Bill and for that, I commend Chairman Thompson and the members of this committee for passing the *Farm, Food, and National Security Act of 2024* through committee. When I consider financial conditions and the farm economy's impact on rural communities, the first word that continually comes to mind is uncertainty. I plan to discuss today why that uncertainty continues to hinder progress in our business.

The Burdens of Uncertainty

As you know, the uncertainty that burdens the agricultural economy is also driven by weather events. With business locations in 10 states, our customers are susceptible to a myriad of conditions and are not immune to any economic impact seen in their aftermath. In many instances the disaster relief dollars allocated by congressional authority can help those affected rebuild and recover. These are obviously unforeseen circumstances.

There are, however, some economic stressors we see coming long before their impact is felt by GreenPoint Ag, other ag retailers and input suppliers, and ultimately the grower. The rising cost of doing business and inflationary pressures are chipping away at farmers' margins. It is for this reason, that passing a Farm Bill, sooner rather than later, will lighten this burden of uncertainty.

Areas of Significant Uncertainty

The largest issues of uncertainty in the ag retail space include financing risks, regulatory burdens, energy policy, the tax code, and labor markets. I will quickly touch on each and offer suggestions for how these burdens can be lightened.

Financing Issues

Customer service is paramount to our business and a key to your success. This theme carries over into all aspects of GreenPoint Ag, especially credit and finance. Our retail locations are staffed with experienced salespeople to custom tailor not only a fertilizer, crop protection, seed and technology program for customer operations, but also create finance plans to fits their needs. With several financing options, varying interest rates and terms, we have options for everyone.

Regulatory Issues

The regulatory whiplash our industry has felt over the past two decades was significant. The EPA needs a scientifically sound, predictable process for pesticide registrations. This is crucial for consumers, the environment, registrants, farmers, and ag retailers. Uncertainty about rules, product availability, and last-minute label changes complicates stocking and usage decisions for retailers and producers. EPA decisions should rely on comprehensive, high-quality scientific data and analyses that go beyond mere correlations. Issues in this area have led to the loss of valuable products with no suitable replacements, and unjustified label changes for long-used products.

While we commend the EPA for addressing ESA compliance, the current Endangered Species Act work plan needs further adjustments to avoid major disruptions to agriculture. Ag retailers and Certified Crop Advisors should be involved in developing pesticide mitigation measures, and EPA's methodology should account for regional practices. Stakeholder engagement, especially with farmers, is vital throughout the registration and review process.

Energy Issues

The Biden Administration's climate policies have increased costs for crop inputs in agriculture. Higher natural gas prices have made nitrogen fertilizer more expensive, while rising diesel prices have elevated transportation costs for products to farms and the operation of agricultural equipment. Diesel, crucial for ag retailers, grain shippers, and farmers, now costs significantly more. Additionally, diesel-powered irrigation systems, plastics for crop protection products, and packaging for food producers have all seen price hikes. These increased energy costs have, in turn, raised the overall price of feeding and fueling the nation.

Tax Issues

Section 199A - established under the 2017 Tax Cuts and Jobs Act - ensures that agricultural cooperatives and other pass-through businesses can utilize similar tax deductions as corporations that benefited from the corporate tax rate reduction. This tax provision has been instrumental in helping farmer cooperatives and their member-owners invest in their operations, and weather business challenges driven by a global pandemic, geopolitical conflict, supply chain constraints, and record inflation.

Our nation's agricultural producers face unique challenges and risks as they strive to feed the globe, and extending these tax provisions will remove a critical piece of uncertainty as producers start planning future investments for their operations and rural communities. While this issue doesn't necessarily fall under the direct jurisdiction of this committee, this tax provision is an absolutely critical tool for agriculture and rural America. Allowing Section 199A to expire will effectively raise taxes on agricultural cooperatives and their farmer-owners. We thank all the Members who have co-sponsored the *Main Street Tax Certainty Act*, which would permanently extend the Section 199A provision.

Labor Issues

Finally, I would like to thank this committee for their work on the Agricultural Labor Working Group. We need ag labor reform! Uncertainties in the agricultural labor market have significantly contributed to rising costs in agriculture. Labor shortages, unpredictable immigration policies, and fluctuating wage rates have made it challenging for farmers to secure a reliable workforce. These issues have increased labor costs and disrupted planting, harvesting, and processing schedules.

We are approximately 2.5 million workers short of the necessary levels to meet production needs. To adjust to the instability in the ag workforce, farmers are forced to find costly alternatives that increase operational expenses, which are often passed down the supply chain, leading to increased prices for consumers. Agricultural workers here on H-2A visas help fill the void.

The instability in the labor market also forces farmers to invest more in automation and technology, further driving up costs in the agricultural sector. The ag industry will benefit from this committee taking the time to address these issues; and the impact will be significant.

Conclusion

Agriculture is often the backbone of rural economies. When farmers struggle, local businesses that depend on their spending—such as equipment suppliers, retailers, and service providers—also suffer. Reduced farm income can lead to job losses not only in farming but also in related industries like food processing, transportation, and retail. In turn, lower tax revenues from struggling farms and businesses can result in cutbacks in essential public services like education, healthcare, and infrastructure maintenance. All of these things are intertwined throughout our country but are

significantly more apparent in rural communities because of the lack of other industries to help support local revenue streams.

Implementing supportive agricultural policies that provide financial assistance, subsidies, and crop insurance to farmers can help stabilize farm incomes and reduce uncertainty. As I said earlier, I commend this committee for their commitment to move the *Farm, Food, and National Security Act of 2024* earlier this summer, and I urge the full House body and your Senate colleagues to follow your lead and pass a Farm Bill before the end of the year. The time to act is now.

Thank you for your continued commitment to supporting America's farmers and rural economies. I look forward to your questions.