

Written Statement of
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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
*“Uncertainty, Inflation, Regulations: Challenges for American
Agriculture”*
February 28, 2023



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 current challenges facing American agriculture.

My name is Mike Twining and I serve as Vice President of Sales & Marketing for Willard Agri-Service, a family-owned ag retailer based in Frederick, Maryland. We provide goods and services to farmers and ranchers which include fertilizer (i.e., plant nutrition), crop protection products (i.e. pesticides), custom application of pesticides and fertilizers, development of nutrient management plans, field scouting, soil testing, precision agricultural services, and much more to help solve production problems and manage risks through the life of their crops.

I also appear before you today on behalf of the Agricultural Retailers Association (ARA). I currently serve on the ARA Board of Directors and as Vice Chair of their Public Policy Committee. ARA is the recognized unified national voice and trusted resource for agricultural retailers and distributors. ARA unites its members and their interests to advocate and educate on their behalf, provide services to improve their businesses, and preserve their freedom to operate and innovate, ensuring a safe and plentiful food supply for all. ARA members are scattered throughout all 50 states and range in size from small family-held businesses, farmer cooperatives, and large companies with multiple outlets.

America's agricultural retailers, also known as farm supply dealers, like other industries, have been hit hard by the volatile economy we have witnessed over the past couple of years. There are a growing number of factors that have led to this economic uncertainty including substantially higher energy costs, higher crop input prices, an unreliable transportation supply chain, increased regulatory burdens, and disruptions in the global markets. Modern agricultural technologies are essential for America's agricultural production for us to continue providing safe, healthy, and affordable food, feed, fuel, and fiber for the nation and the global economy. Our industry is being asked to produce more for a growing domestic and global population with less land, water, and critical inputs.

However, it's not too late for this committee and Congress to act in the best interest of American farmers and ranchers, the retailers and distributors that supply them, and the rest of the agricultural value chain which ultimately includes every American Citizen.

We believe Congress and this Administration needs to enact several changes to strengthen the Farm Bill and provide economic opportunities for America's agribusinesses to continue to thrive and grow.

The economic prosperity of agricultural retailers is directly tied to the prosperity of the farmers we serve. Only if they succeed does our industry succeed. It is therefore 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.

Farm Income Outlook

A recent forecast from USDA's Economic Research Service reported a dim outlook for farm profits. The report, entitled USDA Agricultural Projections to 2032, states that "economic growth continues to contract as high levels of inflation persist worldwide" contradicting statements from the White House in recent weeks touting decreasing inflation. The USDA-ERS report goes on to say that "persistent inflation, severe weather events, supply chain disruptions, and high input costs" will continue to pressure commodity prices and net farm income and net cash income are projected to decrease in 2023. I see this reality every day as I work with growers who are struggling to adjust to the unprecedented increases in costs, supply chain volatility and obtaining operating capital to fund the inputs required to plant a crop. In 2023, projected U.S. total agricultural exports decrease by 3.2 percent, while Agricultural imports are expected to be a record \$199.1 billion in 2023."¹

In addition to declining revenues, USDA-ERS predicts a decline in crop cash receipts. In this kind of economic uncertainty for farmers and the retailers supplying them, it is now more important than ever to pass a multi-year farm bill reauthorization that provides for a strengthened safety net. I fully expect your committee will work diligently to ensure these important issues are addressed when crafting the upcoming farm bill authorization. I strongly urge the committee to fully review this forecast as it includes a broader outlook than the items referenced in my testimony this morning.

Regulatory Burdens

First, I would like to address several regulatory burdens affecting our industry. In the past couple of years, federal regulators proposed and finalized dozens of major rules that impacted many sectors, including agriculture. I would like to highlight several today, including some that fall outside the direct jurisdiction of this committee.

¹ <https://www.ers.usda.gov/webdocs/outlooks/105853/oce-2023-01.pdf?v=6291.9>

EPA Pesticide Registrations

Americans continue to have access to the safest, most diverse, and most affordable food supplies in history. This is thanks in large part to the efficiency, productivity, and innovation of U.S. agriculture enabled by pesticides, fertilizers, seed protections, bio stimulants, and biotechnology products. These products are approved for use within the United States' robust science- and risk-based regulatory system.

Agricultural retailers employ commercial pesticide applicators that receive extensive education and training to apply pesticide products in accordance with laws and regulations under the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). EPA has financially supported training of certified commercial applicators through state grants. The programs generally cover Best Management Practices (BMPs) for safe pesticide use as well as environmental issues like endangered species and water quality protection. Thousands of agricultural retailers and their commercial applicators have raised their professional status by also participating in voluntary programs such as the Certified Crop Advisor (CCA) program administered by the American Society of Agronomy (ASA). I am a CCA and can speak directly to the rigorous and relevant requirements to both obtain and maintain this certification. Our industry is licensed and extensively trained to store, handle, and apply Restricted Use Pesticide (RUP) products.

For healthy and productive growth of nutritious food, plants also require essential nutrients. Fertilizers and bio stimulants serve as a supplement to the natural supply of soil nutrients, build up soil fertility to help satisfy the demands of crop production, and compensate for the nutrients removed by harvested crops. Higher crop yields are well documented with better crop and soil management. Adopting nutrient stewardship contributes to the preservation of natural ecosystems by growing more on less land with fewer inputs.

U.S. agriculture remains the leader in plant breeding innovation due to clear, predictable, and science-and risk-based regulations. Plant breeders continue to strive to provide solutions to new and emerging challenges facing farmers, consumers, and the environment. Ag biotechnology such as genetically modified organisms (GMOs) and gene editing can help increase global food security. New innovations in plant breeding provide benefits such as reducing CO₂ emissions, dramatically increasing crop productivity, providing more food to remote communities, reducing input load, and decreasing food waste.

ARA is concerned by recent actions taken by the U.S. Environmental Protection Agency (EPA) to revoke all tolerances for the insecticide chlorpyrifos. We believe the actions by EPA are inconsistent with federal statutes, the agency's own extensive record on chlorpyrifos, and sound, science-based and risk-based regulatory practices. This action by EPA will cause significant harm to the food and agricultural industries and directly impact supply chains. Other examples of disruptions to the marketplace include the U.S. Court of Appeals for the 9th Circuit ruling issued in June 2020 that cancelled the registration of three dicamba herbicides for over-the-top usage in registered crops. The federal court decision was delivered in the middle of application season, well after seed and pesticide product selection decisions were made by American cotton and soybean farmers. If EPA had not allowed for these products continued use during the 2020 growing season under their long-standing "Existing Stocks" policies, there may not have been enough alternative products available for agricultural retailers or their farmer customers. Congress and EPA need to protect the agency's policy on "Existing Stocks" of pesticide products if there are future cancellations to prevent severe disruptions in the marketplace. These concerns are not unique to chlorpyrifos. We have seen targeted campaigns to products such as glyphosate, atrazine, and whole classes of rodenticides removed from the market or severely restrict their uses.

It is essential that EPA have a scientifically justifiable, predictable, and functioning process for pesticide registrations. Consumers and the environment depend on it, and so do registrants, farmers, and ag retailers. ARA along with other agricultural stakeholders supported the Pesticide Registration Improvement Act (PRIA) reauthorization legislation that Congress passed last December that updates registration fees used to fund the Office of Pesticide Programs (OPP) and increase the transparency between the agency and industry. We support the bipartisan effort that enabled passage of this bill and encourage the same collaboration to support the passage of a well-designed Farm Bill.

EPA decisions must be based on quality scientific information to which they have full access to the raw data and based on scientific analyses that truly evaluate causal relationships beyond mere correlation. Uncertainty around what the rules will be and what products will be available, including label changes too close to the start of the season, complicates our efforts to stock the products that producers will want and need as well as our ability to use them. Problems in this area have cost the industry a valuable insecticide in chlorpyrifos for which there is no suitable replacement. In other cases, label changes have been made to products that have been used safely for

decades with minimal justification or done after product ordering and stocking decisions have been made by farmers and retailers.

We commend EPA for proactively addressing Endangered Species Act (ESA) compliance in its pesticide reviews. However, EPA's recently released ESA Work Plan needs additional modifications to ensure it does not cause severe disruptions to America's agricultural industry. Ag retailers and their Certified Crop Advisors (CCA) should be consulted in developing pesticide mitigation measures, and work with these experts should be accounted for in the EPA's picklist scoring methodology. It is important that mitigation options being provided work in each growing area and cropping system. For example, practices like strip tilling and diversion terraces do not make any sense in a state like Florida. EPA must ensure stakeholder engagement of end users of the products they regulate. Agricultural retailers and their farmer customers need to have a seat at the table and be allowed to have meaningful opportunities to participate in the registration and re-registration review process at the beginning, middle, and end of any final decisions, including FIFRA label requirements that the pesticide applicator will need to follow. ARA believes the following proposed additional modifications need to be made to the EPA ESA Work Plan to ensure it does not cause severe disruptions to America's agricultural industry -

- Evaluate New Pesticides and Account for Advancements in Technologies - It is important for EPA to fully evaluate newer chemistries, even if in the same class as some older chemistries, as they may behave very differently—and may be more likely to have a narrower spectrum of activity—than older chemistries. EPA must NOT group pesticides in broad classifications without evaluating and accounting for any potential distinctions.
- County-Level Bans are Ineffective, Inefficient, Overly Broad Measures - EPA and the Services have put significant time and effort into preparing science-supported biological evaluations and have developed a new approach. For example, they have concluded that county-level bans are ineffective, inefficient, and overly broad measures that discourage growers from proactively engaging on avoiding exposure to nontarget species. EPA should follow-suit and ensure that this is not an option going forward. It is important that all stakeholders focus on appropriate and effective solutions.
- Local Certified Crop Advisor (CCA) / Agronomist Included as Part of ESA FIFRA Label Mitigation Pick List - EPA is implementing mitigation measures as a pick list that gives pesticide applicators a choice to implement certain

practices. If this is part of EPA's process EPA moving forward, ARA recommends that one of the main options included on the pick list relates to farmers working with their local agricultural retailer' agronomist / Certified Crop Advisor (CCA) to develop pesticide mitigation measures. Agricultural retailers and their CCA's are partners with farmers on the front lines of critical decisions in agriculture to address pest concerns, sustainable agricultural practices, and tight financial margins to produce a crop.

- Incorporate Agricultural retailers and other end user input to determine feasibility of mitigation measures along with providing flexibility for the industry - Agricultural retailers, commercial applicators, and their farmer customers must be involved when EPA is considering mitigations measures. EPA must ensure stakeholder engagement of end users of the product. Agricultural retailers and their farmer customers should have meaningful opportunities to participate in the registration and re-registration review process at the beginning, middle, and end of any final decisions, including FIFRA label requirements that the pesticide applicator will need to follow.
- EPA and the Services must establish efficient processes to complete the entire registration/consultation process - ARA agrees with recommendations made by the Pesticide Policy Coalition (PPC) that "EPA must adopt more efficient approaches to meeting its ESA obligation." EPA should adopt policies that allow pesticide registrants to provide input on how best to refine upfront mitigation measures based on additional data. It is important for EPA and the Services to ensure registrants, agricultural retailers, commercial applicators, and farmers are involved in agency decision making at every major step of the registration review process and label decision making process. It is critical that the Services and the registrants, agricultural retailers, commercial applicators, and farmers be included in discussions with EPA at every major step of the ESA consultation process to finalize mitigations before finalizing FIFRA labels.
- Prioritize development of programmatic consultations. All parties to the pesticide registration process, from registrants to regulators to end-users, could be well-served by developing programmatic consultations on a pesticide-class basis (herbicides, insecticides, etc.) that include practices which might avoid jeopardy for all species. As we state above, however, individual products, and especially newer chemistries may behave differently, and be more likely to have a narrower spectrum of activity than some older chemistries or otherwise present a different potential risk profile. So, while considering programmatic

consultations, EPA assessments that group pesticides together individual registration assessments may need to evaluate and account for these distinctions.

Finally, ARA urges the committee to include language in the 2023 Farm Bill reauthorization that codifies state oversight of pesticides at the state level. 46 states have adopted some form of pesticide preemption and are working cooperatively with local officials to enforce robust oversight of state pesticide laws.

Ensuring that pesticides are properly regulated under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) is imperative for all our health and safety. Since the 1970s, State lead agencies have worked with the U.S. Environmental Protection Agency (EPA) through cooperative agreements to administer and enforce FIFRA laws and support the development of scientifically based pesticide labels. State level pesticide control officials are career employees with extensive scientific training and are therefore best situated to prevent pesticides from having adverse effects to the environment.

This targeted fix will ensure that those with expertise at state lead agencies and EPA are the ones to determine pesticide usage and protect the status quo of 46 States where robust oversight of pesticides is already occurring. There is precedent for including similar language in the Farm Bill, as demonstrated in H.R. 2 the Agriculture Improvement Act of 2018 where the House included such language in its initial 2018 Farm Bill. However, it was ultimately not included in the final conferenced version signed into law on December 20th, 2018. It is therefore important the language be included, and remain in, the final 2023 Farm Bill. This bipartisan proposal is supported by over 200 plus national, regional, and state organizations with membership throughout the United States.

WOTUS

The new Waters of the United States (WOTUS) rule greatly expands the federal government's regulatory reach over private land use allows EPA to regulate ditches, ephemeral drainages and low spots on farmlands and pastures. None of these features meet the definition of the word "navigable water" in the Clean Water Act (CWA) as intended by Congress. The new rule is likely to impact everyday activities such as tilling, fertilizing, spraying, planting, and fence-building on ag lands.

This new WOTUS rulemaking takes us away from the increased clarity and predictability achieved in the Navigable Waters Protection Rule (NWPR) and it also ensured states could enforce their own environmental laws as intended using a co-

operative federalism approach. EPA was premature in moving forward with the new WOTUS regulations as the U.S. Supreme Court is currently considering *Sackett v. EPA*, a federal court case that will answer the important legal question of whether the “significant next” test is appropriate to use when determining jurisdiction of the EPA and federal government under the CWA. ARA believes EPA and the Army Corps of Engineers should wait to implement any new WOTUS regulations until the Supreme Court issues a decision in the *Sackett v. EPA* case.

ARA strongly supports H.J. Res. 27, the WOTUS resolution of disapproval under the Congressional Review Act (CRA) introduced by House Transportation & Infrastructure Committee Chairman Sam Graves (R-MO), Chair of the T&I Water Resources Subcommittee David Rouzer (R-NC), along with senior members of the House Committee on Agriculture. ARA urges swift passage of this important proposal and send an important message from Congress to the Biden Administration. A clean, safe, and abundant water supply is a top priority for ARA, our members, and their rural communities. This can be achieved with clear, concise, common-sense regulations provided in NWPR.

Energy

The Biden Administration’s focus on climate policy provides some ways that agriculture can contribute significantly to solutions, but also has created some practical problems in implementation. Natural gas, which is an essential feedstock to manufacture nitrogen fertilizer and a co-product of shale oil production, is now more expensive. Diesel fuel, used to transport products across the nation and operate agricultural equipment is significantly higher. Diesel is necessary for every ag retailer, grain shipper, and farmer.

Diesel powered irrigation systems used to water our crops, plastics used to contain crop protection products, and even the packaging used by food producers, all have become more expensive because of these policies. The price to feed and fuel our country has risen as a result.

ARA also support federal policies that increase domestic energy production, resulting in reduced costs for crop input materials manufactured in the U.S. Our nation must remain energy independent by including oil, natural gas, and other domestic energy supplies, such as renewable fuels like ethanol and biodiesel, in our efforts to promote economic growth in the nation’s ag sector and reduce U.S. dependence on foreign sources of energy. Overall, we support an “all of the above” energy strategy and believe this approach is necessary to support a resilient food supply chain. Demand

for oil and gas is increasing. Congress and the Biden Administration must avoid policies that halt or hold back increased domestic energy production such as development onerous and duplicative regulations, restricting access to abundant supplies of oil and gas located on federal lands, permitting delays and denials, and inconsistent environmental review standards, that cause bottlenecks in the supply chain.

According to a recent study conducted by Environmental Health & Engineering, Inc., ethanol reduces gasoline's greenhouse gas emissions by 46 percent. Additionally, by 2022, USDA anticipates that corn ethanol's relative carbon benefits could reach up to 70 percent thanks to continued innovation in the ethanol process.

ARA issued a commissioned study in October 2020 entitled, "Economic Impacts to U.S. Biofuels, Agriculture, and the Economy from Subsidized Electric Vehicle Penetration." The study examined three scenarios for electric vehicle (EV) market penetration through 2050 and their potential impacts on biofuels consumption, the agricultural sector, and the greater economy. The three scenarios include:

1. Base Case: EV market penetration increases to 13 percent of light-duty vehicle sales by 2050, following Annual Energy Outlook Reference Case projections.
2. ICE Ban by 2050: EV market share reaches 100 percent of light-duty and freight vehicle sales by 2050 due to a ban on internal combustion engines (ICE).
3. ICE Ban by 2035: EV market share reaches 100 percent of light-duty vehicle sales by 2035 and 100 percent freight vehicle sales by 2040 due to a ban on internal combustion engines.

These scenarios were selected to present a full range of possible impacts across the biofuels value chain and supporting supply chains. The biofuels value chain includes farm seed, fertilizer, and other inputs required for crop production, maintenance, harvesting, intermediate transportation, and biofuels manufacturing. The ICE Ban by 2050 and ICE Ban by 2035 scenarios were designed to represent scenarios where non-market policy factors, including a potential ban on the sale of vehicles with an internal combustion engine, could require EV adoption. Relative to the Base Case, this study found that in 2050:

- U.S. light-duty and freight vehicle consumption of ethanol and biodiesel could decline up to 90 percent to 1.1 billion gallons and up to 61 percent to 0.8 billion gallons, respectively.

- Corn and soybean consumption decrease by up to 2.0 billion bushels and up to 470 million bushels, respectively.
- Corn prices fall up to 50 percent to \$1.74 per bushel.
- Soybean prices fall up to 44 percent to \$4.92 per bushel.
- U.S. Net Farm Income decreases by up to \$27 billion.
- U.S. GDP declines by up to \$26.4 billion, resulting in cumulative GDP losses of up to \$321 billion.
- U.S. job losses could reach up to 255,300 in the year 2050.

These studies demonstrate that biofuels, like ethanol and biodiesel, must continue to be critical pieces of a low-carbon economy. According to the U.S. Energy Information Administration (EIA) biodiesel is carbon-neutral because the plants (soybeans) that are the source of the feedstock for making the renewable fuel absorb carbon dioxide (CO₂) as they grow. All forms of domestically produced energy should be fully utilized to develop and promote low-carbon emission vehicles as it will help keep energy, manufacturing, food, and fuel costs low for American consumers and ensure economic prosperity for America's domestic industries. For these reasons, we oppose efforts to ban the internal combustion engine as it would have an adverse impact on the U.S. agricultural industry and rural communities. ARA also supports the Renewable Fuels Standards (RFS) and the year-round sale of E15. Congress needs to restore the U.S. energy independence and global leadership to ensure long-term economic growth and energy security.

Labor

The agricultural community is dependent on a sustainable workforce now more than ever. Every farm worker engaged in high-value labor intensive crop and livestock production sustains an average of two to three off-farm jobs. With the added burden of a global pandemic, employers and employees are strained even further.

The current H-2A ag guest worker visa program is broken and only available for part of the agricultural industry. Additionally, agriculture needs the H-2A program to be more flexible as it currently requires the cooperation of multiple federal agencies which can complicate the program.

Our economy is expanding quickly in response to the post COVID-19 business openings. Supply chains for consumer, industrial, and agriculture businesses need to move more products in a short amount of time and in higher volumes to keep pace

with demand. Trucking demand is outpacing the supply of available drivers. As noted above, road infrastructure is important and truck deliveries are critical to keep supplies on our retail shelves, raw materials to manufacturers, and agriculture productive. A practical proposal with immediate results would be to increase weight limits for trucks on roads to from June 30 – November 1 across the nation. Resupplying America would boost the economy by ensuring raw materials and finished goods are in the right place for purchase during this period of high demand.

Allowing higher payloads to resupply America's supply chains is the right policy to consider because it would increase efficiency, reduce costs, and lower emissions with fewer trucks in a short amount of time. The increased weight on the roads would occur before most areas have significant freezing and thawing. Increased inventory would be available to consumers, easing price increases and providing inputs for manufacturing and agriculture.

Seventy percent of the nation's freight is carried by commercial trucks, yet as our economy strengthens, motor carriers have difficulty sourcing the drivers they need to handle growing capacity. According to a recent estimate by the American Trucking Association in 2021, the driver shortage reached a record high of roughly 81,000, and that number is only expected to grow to 160,000 drivers by 2031 absent any changes to the status quo. In many supply chains, companies are being forced to increase prices to account for higher transportation costs. This will ultimately result in higher prices for consumers on everything from electronics to food.

While 48 states currently allow drivers to obtain a commercial driver's license at 18, they are prohibited from driving in interstate commerce until they are 21. ARA supported the inclusion of the Safe Driver Apprenticeship Pilot Program included in the "Infrastructure Investment and Jobs Act" (IIJA) passed in the last Congress. This program will allow 18-to-20-year-old drivers to be trained as commercial truck drivers and drive in interstate commerce. Commercial trucks are now being outfitted with the latest safety technology including active braking collision mitigation systems, forward-facing event recording cameras, and automatic or automatic manual transmissions. We currently use these technologies in our trucks at Willard Agri Service and I can attest to its effectiveness and increased safe driving that occurs. We would like to hire qualified and interested young people right out of high school and begin them on a rewarding career. ARA is concerned with the restrictions being placed on this new pilot program regarding the total available apprenticeship slots (3,000). In addition, participating motor carriers are required to be part of the U.S. Department of Labor-approved Registered Apprenticeship Program (RAP) to be

eligible. This late requirement, which was not part of any provisions included by Congress when it developed a carefully crafted this young driver apprenticeship program, has prompted many motor carriers to decline participation in the program. ARA believes the program should be expanded to include more eligible drivers and the DOL requirement eliminated in order to increase motor carrier participation.

The Farm-Related Restricted Commercial Driver's License (CDL), or more commonly referred to as the "Seasonal Ag CDL" program, has been an essential seasonal program for farm-related service industries since 1992. These industries have historically had a very strong transportation safety record and it has not been diminished since these federal regulations have been in place. The Seasonal Ag CDL program has helped promote economic growth for America's agricultural industries serving the essential needs of farmers during the busy planting and harvesting seasons. Due to challenging weather events, the increase in crop production diversification, technological advances, and weight increases in light duty pickup trucks and agricultural equipment over the past several decades, it is necessary to modernize the federal regulations providing the framework for these state-administered programs. The temporary shutdown of the state department of motor vehicles offices throughout the nation during the height of the Covid-19 pandemic also caused major disruptions for farm-related service industries and their rural communities.

Please support additional reforms to the Farm-Related Restricted CDL program with the following reforms:

- Ensure Farm-Related Restricted CDL drivers can also operate certain Class A commercial vehicles (excluding tractor-trailers) in recognition of the advances and changes made to light duty pickup trucks, agricultural equipment, and trailers over the past 30 years.
- Eliminate the requirement for in-person seasonal renewal of the Farm-Related Restricted CDL

There is a strong need for long-term modifications to this program to ensure economic growth for our industries and their rural communities while continuing to maintain a strong transportation safety record. This essential seasonal CDL program is currently authorized in 24 states. The 2023 Farm Bill reauthorization offers an opportunity to enact reforms that can help provide necessary transportation flexibility for farm-related service industries and ensure there are no disruptions to America's agricultural production and the supply chain.

The Hours of Service (HOS) agricultural operation exemption has been vital for our industry to ensure “just in time” delivery of farm supplies and other essential products and services to farm and ranch customers. The electronic logging device (ELD) requirements highlighted issues with the existing HOS regulations and the need to modernize the agricultural exemption. While it has had the largest impact on the livestock industry, there has also been an impact on farm supply transporters and smaller trucking operations. To address these issues, ARA requests support of legislation eliminating the HOS ag exemption’s planting and harvesting season provision. Over 30 states already have a year-round “planting and harvesting season” designation. Eliminating this provision ensures the HOS ag exemption is year-round for all states, promoting regulatory consistency and alleviating unnecessary regulatory burdens highlighted by the ELD mandate. We also request support for expanding the current air mile radius of 150 air miles up to 200 air miles for farm supply transporters following an FMCSA pilot program to collect safety data to address continued industry consolidation and driver shortages.

In 2012, Congress included a new mandate that created a requirement for Entry-Level Driver Training (ELDT). The new ELDT rule went into effect in February 2022. This new requirement costs between \$6,000 to \$8,000 per driver and possibly higher, depending on the trainer and can take several days and up to 20 days to complete. ARA requests relief be provided agricultural retailers and other agribusinesses relief from these new federal requirements as our industry continues to face a growing driver shortage and higher operating costs. In the last Congress, the *Trucking Regulations Unduly Constricting Known Service-providers (TRUCKS) Act* was introduced. This common-sense legislation would allow states to exempt employees of agriculture-related industries and small businesses from the ELDT requirements to obtain their CDL. Individuals may be faced with paying for these new training requirements whether employed by a company or seeking employment, creating an unnecessary barrier to entry into become a commercial truck driver.

USDA agencies collaborate on their climate change and supply chain policies due to their inherent linkage to the production of raw agricultural commodities – the first step in the food and agricultural supply chain and the most likely step to be impacted by climate change policies. As an alternative to cropland idling climate change policies, I urge USDA to prioritize federal resources toward working land programs to achieve large environmental and economic benefits by incentivizing broader adoption of best management farming and ranching practices.

I also support strengthening U.S. freight transportation policy and infrastructure to help ensure there are many efficient ways for agricultural commodities and products to flow throughout the agricultural supply chain. The U.S. freight transportation system can be strengthened through the following ways:

- Adopt solutions to better balance the needs of ocean carriers with the needs of our agricultural exports.
- Support reauthorization of the Surface Transportation Board (STB) and include provisions that foster increased competition among freight railroads and other transportation modes, increase shippers rights, provide better methods for challenging unreasonable rail rates and require railroad carriers to provide increased access to railroad service data to enhance agricultural supply chain operations.
- Increase motor carrier capacity through regulatory reform and legislative change.

These regulatory changes will help our nation's freight continue to move while preserving the safety of our highway and rail system.

Pro-Growth Economic Policies

The Agricultural Retailers Association sees a need to support and advocate for pro-growth economic policies that will aid our members by developing a more business-friendly marketplace in which to operate. There are several barriers to entry within the American tax code we would like to see changed to protect our freedom and license to operate. These pro-growth policies will also positively impact our nation's food supply chain and its resiliency.

Protecting current tax provisions is also paramount in promoting growth. The estate tax has long been a detriment to our member's business and, as such, we support its full repeal.

ARA also supports a workable sale and use tax collection system to shield retailers and farmers from burdensome tax compliance requirements and we continue to advocate for efforts to streamline these requirements.

ARA recently signed onto a letter to congressional leadership regarding the need to preserve several tax provisions that would support new and multi-generational farm operations, thus ensuring a robust and dependable food supply chain. The letter noted that with more than 370 million acres expected to change hands in the next two decades, tax policies will determine agricultural producers' ability to secure affordable

land to start or expand their operations. Highlighted were three critically important tax provisions:

- **Stepped-Up Basis:** Assets in agriculture are typically held by one owner for several decades, so resetting the basis on the value of the land, buildings, and livestock on the date of the owner's death under a step-up in basis is important for surviving family members and business partners to ensure the future financial stability of the operation.
- **Like-Kind Exchanges:** This provision allows businesses to buy and sell like assets without tax consequences, thus helping farmers and ranchers, who are typically "land rich and cash poor," maintain cash flow and reinvest in their businesses.
- **Sec. 199A Business Income Deduction:** To maintain a reasonable level of taxation for pass-through businesses, like farms and ranches, it is critical to preserve Section 199A business income deduction.

We also support a consistent corporate tax structure and oppose changes to the current corporate tax structure. These provisions are fundamental to the financial health of production agriculture and the businesses that supply its inputs, transport its products, and market its commodities.

ARA strongly advocates for the free and fair trade of agricultural products, equipment, and crop inputs that are essential to food supply chain resiliency. We believe this will create opportunities for economic benefit for farmers, ranchers, retailers, and other members of the supply chain. ARA members and their farmer customers purchase crop inputs from both domestic and international manufacturers. ARA strongly supports the domestic crop input manufacturing industry, and policies that will make them more efficient and competitive globally. However, our primary interest lies in achieving competitive sources of products with which our retailer and distributor members can best serve their grower customers.

We have consistently supported reducing both domestic and international trade barriers. The agriculture industry is heavily weather dependent; thus, to ensure a strong US food supply, farmers require large volumes of agriculture inputs during tight time spans during the planting and harvest seasons. Hence, it is necessary for the US agriculture industry to have a strong and steady supply of crop protection products and fertilizers available to ensure adequate supply and to avoid wild price swings in the market. Our policy position supporting fair and free trade of agricultural

products is a top priority that includes foreign and domestic manufacturers alike and treats imports and exports equally.

Conclusion

While my testimony this morning highlights some of the negative effects the rural economy has had on the agriculture community recently, I am encouraged by this Committee's goals and priorities for this year as well as actions taken in the last congress to help improve our supply chain and allow the nation to remain globally competitive.

To that end, we recommend the following supply chain solutions for Congress and the Administration to act upon:

- Reauthorization a Multi-Year Farm Bill that strengthens the crop insurance program, promotes voluntary conservation programs that allow for the continuation of working lands, CCAs being automatically recognized as Technical Service Providers (TSP) by NRCS, pesticide preemption, and increased ag research funding.
- All of the Above Energy Strategy that includes oil, gas, and renewable fuels.
- Add Phosphate and Potash to U.S. Critical Minerals List
- Support reauthorization of the Surface Transportation Board and include reforms that promote increased competition and provides increased shippers rights.
- Increase the number of available commercial truck drivers through an expanded Young Driver Apprenticeship (ages 18-20)
- Implement additional Seasonal Ag CDL program reforms by allowing on-line renewals and use of certain Class A Commercial Vehicles for agribusinesses.
- Hours of Service (HOS) pilot program for transporters of farm supplies that are allowed to operate up to a 200 air-mile radius.
- Waive Jones Act requirements for agricultural shipping.
- Remove Covid-19 vaccination border restrictions.
- Implement National Environmental Policy Act (NEPA) Reforms
- Protect use of essential pesticide products and other modern ag technologies.

As a farm supply retailer, I am confident that improvements to safety nets in the upcoming farm bill, free and fair trade amongst agriculture producers and customers, and changes to the regulatory landscape hindering farm production will all contribute to a once again burgeoning farm economy.