



Testimony of the Honorable Mike Bost  
United States House of Representatives  
Hearing Before the House Small Business Subcommittee on Agriculture, Energy and Trade  
November 19, 2015

Chairman Curbelo and Ranking Member Meng, thank you for inviting me to testify at today's hearing on my legislation, the Small Agricultural Producer Size Standards Improvement Act. My comments will be brief so the Committee can begin hearing from the small business agriculture producer panel, the intended beneficiaries of my legislation.

President Eisenhower once said, "Farming looks mighty easy when your plow is a pencil and you're a thousand miles from a corn field." Unfortunately, this quote is accurate when describing the statutorily established size standard for agriculture producers.

Agriculture is an important contributor to our economy. Approximately 16 million jobs are directly or indirectly related to production agriculture. In 2012, the USDA estimated that market value of all commodities produced in the United States at \$394 billion dollars.

Agriculture production in the 12<sup>th</sup> Congressional District is the most diversified in the State of Illinois. For example, St. Clair and Madison counties in the north of my district, in addition to producing corn and soybeans, produce more than 60% of the horseradish consumed in the United States. While in the southern portion of my district, there are orchards, vineyards, and vegetable farms. Overall, agriculture production in the 12<sup>th</sup> Congressional District resulted in more than \$700 million in economic output in 2012.

Family-owned farms still account for the majority of farms and ranches in the United States. However, over the past few decades, changes have taken place that fundamentally altered the structure of the farm economy.

The advent of new technologies has greatly increased productivity, which in turn has led to lower relative prices for many commodities. As data enabled planting and other innovative productivity-enhancing technologies, such as data-enabled precision planting, become more widely adopted, the already thin margins most agriculture producers receive for their output is expected to increase.

In order to remain viable in this new environment, most farms and ranches need to achieve greater economies of scale or earn income off the farm to survive. According to the United States

Department of Agriculture, most farms do not earn enough income to survive as stand-alone operations.

As a result, many farmers and ranchers are required to work off the farm to make ends meet. Even then, many of these operations could easily surpass the current income-based size standard of \$750,000.

Similarly, low relative commodity prices, thin margins and increased costs for land and other inputs has resulted in the consolidation of many individual family-owned operations into larger, single family-owned business units. However, these operations very much remain small businesses.

Unfortunately, the current small business size standard for agriculture has been set in statute and does not account for these factors. Agriculture producers and policymakers need consistency in order to achieve their objectives. The statutory size standard for agriculture producers does not help us achieve those objectives.

In the 30 years since enactment of the statutory size standard, the Small Business Administration has significantly improved its methodology for determining small business size standards. I believe this methodology should be given a chance to determine an appropriate size standard for agriculture producers.

Also, the establishment of small business size standards constitutes agency rulemaking. This will allow small business agriculture producers the opportunity to share their thoughts and concerns regarding the proposed size standards as they are developed.

The recent enactment of legislation I sponsored with Representative Gerald Connolly, the Stronger Voices for Small Businesses Act will further empower small businesses. If the agency finalizes a size standard opposed by agriculture producers, then these businesses will now be able to appeal directly to the SBA's Office of Hearings and Appeals.

In closing, ongoing changes in agriculture markets are creating new challenges and opportunities for small business agriculture producers. As food processors and manufacturers adapt to these changes in both consumer tastes and government policies, we should ensure that small business farms and ranches have the ability to compete and participate on a prime contracting or subcontracting basis.

An appropriate size standard for agriculture producers will help create new opportunities for small agriculture producers and help ensure government agencies are meeting Congressionally-established small business contracting goals. I thank the Committee for holding today's hearing and welcome your questions.