



127 22nd Street | Greeley, CO 80631 | 970.351.8201

July 24, 2014

Chairman Tipton, Ranking Member Murphy, my name is Mark Oestman and I'm a fourth generation farmer and rancher from near Eckley in northeast Colorado. I farm 2,500 acres of irrigated ground raising corn, wheat, and soybeans in a family partnership with my dad. Together we also run about 400 steers in a grower/stocker operation. My wife Dessany and I are raising our children to hopefully be the 5th generation to operate our farming operation. In addition to farming, I currently serve as the President for the Colorado Corn Administrative Committee, which is the state corn "check-off" organization.

When someone asks me to sum up production agriculture, I like to say that farmers are just like everyone else except that the cost of running our business adds a few extra zeroes to the income and expense columns at the end of the month. From the combines that we use to harvest our crops, which cost as much if not more than many homes, to the enormous increases in the input costs associated with producing that crop, such as fertilizer, seed, and energy costs, the challenges of staying in the farming business can be difficult to manage.

I believe part of the reason for increased costs can be attributed to an unprecedented period of growth in the agricultural industry. Many things have contributed to this period, such as an ever-increasing population demand for more protein and more grain, along with improved markets for ethanol. These factors and others have led to record demand for most production agriculture commodities and, in turn, to higher prices for these commodities as well.

With these higher prices, both for the commodities we grow and the inputs we must purchase, there has been a trend of consolidation in modern agriculture resulting in larger farms. These additional acres help us to spread our machinery costs and land payments over more acres and use our equipment more efficiently. With the average age of the American farmer continuing to rise, we will continue to see more and more farms sold or rented out.

Increased yields are another trend we are seeing in agriculture today. Thanks to advanced technologies, I am able to select hybrid seeds. I can effectively plant a field and know that because of seed selection, I've reduced the amount of inputs needed to combat weeds and insect attacks. Precision technology has helped me to maximize yields, minimize inputs all while protecting the environment.

Any single one of these variables I have talked about could support a need to increase the \$750,000 level for production agriculture to meet the small business criteria. When you consider all of them together, it becomes abundantly clear that this level needs to be increased and by a substantial amount.

If you take my farm for an example, we usually raise roughly 1,500 acres of corn, 500 acres of soybeans, and 500 acres of wheat. In a typical year, we would hope to raise 300,000 bushels of corn, 25,000 bushels of soybeans, and 50,000 bushels of wheat. I did some research. From 1985 to 2006 an average price for corn was approximately \$2.27 per bushel. So, our farm receipts from just our corn during that period would have been \$681,000. Compare that to today's average price. From 2007-2013 it's around \$4.94 per bushel. The same 300,000 bushels would bring in around \$1,482,000.

So in summary, I believe that the Small Business committee should seriously consider substantially raising the arbitrary \$750,000 in receipts that currently exists for agriculture producers. The dynamics of today's farms and farmers, especially those who farm as their sole source of income, have changed dramatically and I believe the limit should as well. Due to factors largely out of a farmer's control, my total receipts can change dramatically from year to year, and I believe that SBA standards should take many of those factors into consideration and increase the standard.