

**RI FOOD
POLICY
COUNCIL**



Chairman Marvin L. Abney
House Finance Committee
Rhode Island State House
Providence, RI 02903

CC: Rep. Michelle McGaw

April 2, 2024

Re: Testimony FOR House Bill 7684 allowing for municipalities to adopt an ordinance authorizing the exemption of real and tangible personal property of urban and small farmers.

Dear Chairman Abney and Members of the Committee,

We are writing today in support of the Urban and Small Farm Success Act, HB7684. This bill will update the state's suite of tax benefits for farmers so that it equitably covers small and urban farms which have historically been excluded. The bill would provide qualifying small farms (under 5 acres) and urban farms with tax relief on property, income, and sales taxes.

Forty years ago, when the original Farm, Forest and Open Space (FFOS) tax benefits were created, there were very few small and urban farms. Today there are approximately 80 urban farms and community gardens and over 170 small farms, and the number of farms in both categories is growing faster than in any other farm cohort in the state. There are good reasons for this growth! Successful community-based organizations like the Southside Community Land Trust and the African Alliance of Rhode Island have shown how supporting community gardens and urban farms can provide powerful health, education, environmental and economic benefits in their communities. Their urban farms provide low/no-cost fresh food, nutrition education, exercise and outdoor recreation, job training and a wealth of social activities to their participants, often in an environment that is otherwise lacking in fresh air, green space and healthy food retailers. Granting tax relief to these urban farms that is commensurate with that provided to larger farms is a good way to support their financial sustainability.

Rhode Island's small farms are located throughout the state, from the urban core to very rural areas, and represent a growing group of financially sustainable small farm businesses that intensively grow specialty fruits, veggies and flowers. These small farms are selling direct to consumers through Rhode Island's farmers markets, CSA's and direct deliveries, and are also selling to local restaurants and institutional buyers. Their growth has been supported by a wide range of federal granting programs, the state's LASA grant program, DEM support services, and numerous non-profit technical assistance organizations. Most importantly, their growth is being fueled by increasing consumer demand for fresh, local produce, a demand trend that will continue to strengthen as younger consumers become the dominant buying group in the state. The most recent USDA Ag Census (2022) showed this cohort of smaller Rhode Island farms growing at the fastest rate of any farm size cohort in the last five years. Although their revenue per farm is small, they represent a healthy business cohort that provides jobs, high-demand consumer products and all the environmental benefits of sustainable farm activities. Granting tax relief to these small farms that is commensurate with that provided to larger farms is a good way to support their financial sustainability and growth.

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An initial estimate of the economic impacts of this tax relief program suggest that it will have a very small impact on the state's current and future fiscal health. Using the most current Ag Census data to estimate the number of farms that would participate and the potential tax burdens that they would be shedding, the RI Food Policy Council estimates that the total lost state sales tax associated with this bill would be between \$3,000 and \$31,000 per year, and the total lost state income tax associated with this bill would be between zero and \$50,000 per year. The impact on municipal property taxes would be a total of between \$70,000 and \$263,000 per year, spread across the multiple municipalities in which farms are located.

This bill creates a clear and detailed definition of both small farms and urban farms and is written with an eye towards simplicity of administration at the state and municipal level. As it currently does in the state FFOS program, the RI DEM will provide input regarding eligibility if requested by tax assessors or farm property owners. The total loss of revenue at the state and municipal level will be relatively minor. Current small and urban farmers will be given a welcome boost to their financial sustainability which will help them continue to grow and provide additional benefits to their communities. We hope that the Finance Committee will vote to approve the bill.

Thank you for considering this request,

A handwritten signature in black ink, appearing to read "Diane Lynch", with a long horizontal line extending to the right.

Diane Lynch
Board President