

TO: Sydonia Axis Lary – Committee Assistant – House Ag Committee
FR: Barney Hodges – Owner Sunrise Orchards, Inc. Cornwall, Vermont
DT: March 12, 2024
RE: Bill H.813 testimony

Dear members of Vermont House Agriculture Committee,

My name is Barney Hodges and I, along with my wife Christiana Hodges own and operate Sunrise Orchards, a second-generation 150-acre apple farm located in Cornwall, VT. I am writing regarding the Tree Fruit Farmer Assistance Program portion of proposed bill H-813. In 2023 we suffered a 60% production loss on our farm due to the frost event of May 18, 2023. To market and sell our fruit we produce value added products, operate a retail farm stand, and have extensive wholesale markets in and out of Vermont. Our best strategy to mitigate the weather volatility present in modern day farming is through a diversified income strategy spread across these markets. Our business model accomplishes this, but in May 2023 when mother nature eliminated 60% of the apples we need to sell, diversified strategies such as ours cannot make up the difference. We anticipate losses as a part of farming life; 20%-30% we can absorb, but 60% is too much. Our strategies for dealing with large losses is also multipronged. We carry extensive crop insurance. We lean on USDA and Vermont state funding opportunities for disaster assistance whenever they exist. We are often eligible for USDA programs as was the case through the COVID-19 pandemic years of 2020 & 2021 when we also suffered significant losses.

I would call this our disaster mitigation strategy, using crop insurance and federal and state assistance programs when they arise to offset losses. We try to diversify disaster programs we are eligible for to create an aggregate sum of resources that makes a difference in getting us past difficult financial times. Each component of our disaster planning makes up a small part of our financial recovery strategy.

My concerns with Bill H-813 as introduced have to do with Section 1(c)(2) beginning on page 2 lines 13 - 20 where it states,

“The Agency of Agriculture, Food and Markets shall develop a formula for calculation of a grant under this section. The formula shall incorporate: the amount of acreage on a farm currently cultivated for tree fruit production; a crop loss multiplier based on the difference between the revenue in calendar year 2022 and the revenue in calendar year 2023 from the gross sale of tree fruit from the farm...”

At issue for farms like ours is that we will not show any losses in calendar year 2023 relative to 2022 because we sold our 40% crop in the last three months of the calendar year 2023. On paper the 2023 numbers will look the same as 2022 because roughly the same number of apples were sold across the two years. We had not run out of apples yet. We did run out in early 2024. Our 2024 income will be alarmingly low during the first 8 months of this year setting us up for huge losses for FY 2024.

For larger farms like ours where crop sales are drawn out over a longer period, usually a full year, from September through August annually, a better method would be to link to annual production history or APH from annual crop insurance reporting. This report is verifiable and legitimate. It will show true production loss within a five-year average. Using these numbers will make for a more accurate representation of the relative losses and is more objective. I propose combining the five-year APH production numbers with a multiplier as the bill proposes allowing large farms a fair method of compensation from the disaster relief program of Bill H-813. For smaller farms that sell all produce in

the fall months, or farms without crop insurance, the proposed method in the bill can work, but for larger farms with similar relative losses the proposed method will result in no recordable loss from one calendar year to the next.

Additionally, the bill states in in Section 1 (a)(1)(C) – lines 1-3 on page 3,

“a reduction or offset in award for any crop insurance or other payment the farm may have received for losses in calendar year 2023 due to freezing or frost conditions.”

This language is punitive to farms that use crop insurance. If the APH plus multiplier approach is used as suggested above, the assistance to farms with crop assistance will not be as great because a five-year average in the APH will soften the relative loss. It will be a valuable award that will be helpful to farms with crop insurance. It is not necessary to include the language of Section 1(a)(1)(C) with this approach because this method considers a five-year average and will compensate the indemnity as such.

Bill-813 should not penalize farmers for being responsible. Purchasing crop insurance is something all farms, large and small, should do. It is a federal program that works and helps keep food prices stable nationally which is good for consumers and farmers. If more farms purchased crop insurance, large and small, less demand would be placed on emergency funding on a state level as is happening with this bill.

Sunrise Orchards pays over \$80,000 annually for our crop insurance. Because of our scale, we generate more revenue than a smaller farm, but our losses are bigger. Crop insurance will not cover all our losses. We need the aggregate of all methods of disaster mitigation we are eligible for. In the case of the May 18, 2023 frost event, our farm is eligible for disaster relief as we can demonstrate sustained verifiable losses. However, the way this bill is written we will not receive a penny of relief because our losses will not register until 2024, and/or because we buy crop insurance. We do need assistance, however, just like other farms that were struck by the frost event. This bill disincentivizes buying crop insurance. This committee should encourage growers to buy crop insurance by allowing a second method of calculating eligibility using APH numbers from grower’s annual crop insurance reporting and begin using legislation like Bill H-813 to encourage insuring crops. Additionally, this committee should eliminate language reducing or offsetting award because of receiving crop insurance. Long term, this approach will help to stabilize produce prices and ultimately reduce the need for large, knee jerk, emergency relief bills from the state legislature.

Thank you for listening and taking the time to discuss this important issue. I look forward to any questions regarding this matter.

Sincerely,

Barney Hodges
Co-owner – Sunrise Orchards, Inc.
Cornwall, VT