

Testimony of James Adams on behalf of the Ag Coalition
Presented before the
The Senate Environmental Resources and Energy Committee and
Senate Agricultural and Rural Affairs Committee
September 20, 2005

I would like to thank the Senate Environmental Resources and Energy Committee and the Senate Agricultural and Rural Affairs Committees for the opportunity to testify regarding the Pennsylvania Department of Environmental Protection's (DEP) Chesapeake Bay Tributary Strategy.

I come before you today on behalf of the Ag Coalition. The Coalition represents numerous agribusinesses that provide an infrastructure for family farmers to produce wholesome, uniform, economical food products for regional, national and international consumers. Our businesses involve feed production, animal and animal product production, agricultural buildings and equipment, agricultural financial services and other affiliated farm services.

We are also a group of agriculturists who are committed to being good neighbors by following all applicable laws and regulations and by protecting the environment. Our members have the required permits – which often cost thousands of dollars to obtain – to build and operate their facilities. Many of their buildings employ the latest technology to mitigate impacts to the environment and provide multiple layers of protection. They also have an excellent record of reporting problem incidents in a timely manner to the proper authorities.

Clearly, we recognize our responsibilities to the communities around us. That is why we want to be a part of the solution to reduce nutrient loads entering the Chesapeake Bay watershed. Our hope, though, is that the Department's strategy doesn't expand into the regulation of issues that are more appropriately addressed through legislation.

Over the years, agriculture has made many improvements and continues to do its part to reduce nutrient flows from its operations. We have implemented state approved nutrient management plans and federally approved conservation plans, made nutritional changes to animal diets, installed highly efficient equipment which better utilize resources and adopted scientific technologies to improve feed and animal performance.

For example, my company has used amino acid based feeding for poultry for the past 25 years. This process lowers the nitrogen content in feeds helping to reduce the nitrogen excretion from the birds. We've also adopted and incorporated phytase enzyme technology since 1996 to reduce the use of inorganic phosphorus ingredients in feed and reduce phosphorus excretion in both poultry and swine. Unfortunately, DEP's strategy does not recognize the value of the addition of phytase over the past few years, and I believe this should be re-examined. In our experience, there are very few technologies that will further this rate of reduction in commercial poultry and swine feed

manufacturing while at the same time allowing us to meet the nutritional requirements of the animals to assure their good health and well-being.

We understand that times have changed and it cannot be business as usual when it comes to the environment. However, it is not an overstatement to say that the increased costs to the animal agricultural industry to manage their nutrients according to newly adopted regulations puts them in a battle for survival. Although agriculture has been challenged to participate with 75% of the nutrient reductions, the funding of agricultural solutions is only 7.2%. That's fine unless the difference between those two percentages becomes an unfair and unmanageable cost to the farmer.

I'd like to turn now to the issue of alternative uses for manure, including manure-to-energy initiatives. In our view, these alternatives must be cost-effective and allow for the continuation of current farm businesses and the expansion of new ones to keep families on their farms and to further nurture animal agriculture as an economic driver for Pennsylvania. The simple transporting of manure from concentrated animal areas to other regions is becoming cost prohibitive as fuel prices increase. In addition, surrounding bay states have subsidized their manure transport which has allowed excess nutrients from their industries to enter Pennsylvania and to further complicate our own farmers' efforts.

As all nutrient generators are faced with aggressive nutrient reduction scenarios proposed in the Tributary Strategy, it becomes essential that a fair and equitable nutrient trading policy be adopted. This policy must allow both parties the freedom to seek the least cost, best management practice to achieve the greatest environmental good without unreasonable regulatory oversight. One that is based on positive incentives to participate, not mandated requirements. We understand that nutrient trading is only one tool being proposed and must have effective stakeholder involvement in order to produce effective long term results.

It is good news that nutrients flowing to the bay have decreased since the inception of the Chesapeake Bay Agreement. However, the cap goals initiated by the Agreement continue to put even greater pressure on Pennsylvania agriculture. The low hanging fruit has been picked and additional efforts now lead to ever diminishing returns on investment for the farmers, for state agencies, and for tax payers.

From 1985 to 2002, a period of 17 years, agricultural operations achieved 18.8 M lbs of nitrogen reduction. Now, we are being called on to produce 53.7 M lbs of reduction (pg 24) – that's three times the previous success rate in 5 years. The phosphorus requirements are similar in proportion. It may be unrealistic to educate, implement, and achieve the Tributary Strategy goals in that time.

When you consider the many improvements already made by the farming community, it's difficult to determine if these new goals are realistic. One thing, however, is for certain – they will be achieved only at a tremendous cost to Pennsylvania farmers. We

should want to be first in creating sound environmental policy, but we can't afford to be first in eliminating farms or stifling our farming economy.

Thank you again for the opportunity to share these thoughts with you. I would be pleased to entertain any questions you may have.