



April 23, 2025

Chair Rest and Members of the Senate Tax Committee,

Minnesota AgriGrowth supports SF2849 on behalf of the large coalition of farm and commodity organizations, agribusinesses, allied industries, and community leaders committed to advancing agriculture and food in our great state.

Minnesota is amid a Great Farm Recession. Inflation, extreme weather events, major animal health events, turmoil in global markets, and disruptions in supply chains have created a perfect storm for farmers, food processors, and the local businesses that serve them. SF2849 is a small but significant step in stimulating new investments in food and agriculture in Minnesota.

Dairy processing facilities contribute more than \$1.9 billion to Minnesota's economy. Recently, Bongards announced a new \$125 million expansion in Perham that will increase their capacity by 30%. First District Association's state-of-the-art expansion in Litchfield will further increase their cheese processing capacity and create new jobs. Those are great success stories in Minnesota, but the overall age and capacity of many dairy processing facilities risks Minnesota's ability to maintain and grow its position as a dairy state.

Economic and regulatory conditions have prompted some facilities to close, yet milk production continues to grow. Furthermore, many companies are bypassing Minnesota and choosing to build new dairy processing facilities in other states, including Nestle's new \$675 million creamer plant in Arizona, Walmart's \$350 million milk plants in Georgia and Indiana, and Chobani's new \$1.2 billion plant in Upstate New York. SF2849 would increase Minnesota's ability to compete for new and expanded dairy processing facilities, create new jobs, and support Minnesota farmers.

SF2849 is a good first step in supporting Minnesota's ag and food industry's growth. Minnesota AgriGrowth wholeheartedly supports further extending the sales tax exemption to all new or expanding livestock processing facilities over \$100 million. Minnesota's beef, poultry, and pork industries should have the same opportunities to grow as the dairy and crop industries. AgriGrowth strongly encourages the legislature to examine extending this tax incentive.

AgriGrowth welcomes the opportunity to discuss this valuable tax incentive further. We appreciate your support.

Much appreciation,

Darin Broton, Executive Director
Minnesota AgriGrowth