

## Consolidated Notes from Barriers to Entry Workshop

*August 30, 2016*

### Challenges

- Access to capital
  - Credit available — hard to get business loans because access is limited.
  - People don't have the down payment, so they think there isn't access to capital
  - People also don't know a good loan vs. bad loan
  - Some banks will not work with a guaranteed loan
  - Community development companies have some resources
  - People don't think they need a business plan
    - What do you really want to do? Why?
    - "I want to farm, but I have no idea what I want to grow"
    - First problem they have is access to capital
    - Lack of understanding about pre-planning
  - Capital requirement, large banks vs. smaller banks (better rates at large banks, better service at small banks)
    - Need for better credit or lower interest rates
  - Hard for bankers to do their job due to the regulations. Hard for them to help out small business owners.
- Land availability
  - People who have land are going to hold on to it longer
  - Children that inherit land they don't know what to do with it, what's proper, keeping the relationships healthy between owner and renter of land. When they inherit the land they sometimes change it to non-farming land, decreasing the amount of land used for farming.
  - Family farms cannot sell their farms to corporations. If they cannot sell the farm to a relative they have to terminate their operation.
  - Cannot find land!! A lot of land taken up for development, and then other farmers are also looking for land.
- Regulations
  - Dealerships creating a monopoly — John's Deere's software protection — no one else can work on that John Deere equipment besides John Deere because no one else can access the software/technology in the equipment. Digital Millennium Copyright Act of 1998 (poorly written and allowed John Deere to do this). It doesn't allow independent people to work on equipment.
  - Regulations on very small operations keep them from operating.
  - Is there a resource center?
    - Clearing house for all aspects of information
      - Farmers Markets do a good job of this

- Hard for smaller operations to meet the same regulations as large companies, even though they were already compliant in the first place. When large corporations start enforcing regulations it starts to trickle down to smaller companies affecting their bottom line. The regulations affect the smaller companies more.
- How do you get the regulation information to the people that need it?
- Succession Planning
  - The demand to find young farmers; need to encourage younger individuals to farm. They give their land to development companies because they get more money in return. Causing us to lose a lot of farmers to non-agriculture companies.
  - Succession planning and equity buy-in for people who don't have another way (who don't have family succession). How do farmers who don't have a next generation to give the farm to, sell?
  - Needing to increase the number of plants within the state, for processing, and packing plants.

## Solutions

- Access to Capital
  - Business Plans and Pre-planning for farmers:
    - Promoting K-State's Ag Mediation Services, or educating people on the "lessons learned" from KAMS.
    - K-State Ag Econ has budget meters, other resources available
    - Educational resources are there — but we aren't connecting those resources to the farmers
    - [www.extension.org](http://www.extension.org) — Global Extension — Has resources from every land grant university
  - More education in general at all levels
  - Need to get people that know the agriculture into the business to build relationship with local farmers.
  - Federal or state-backed loans
  - In agribusiness — demonstrate a return on investments
  - IKE (Invest Kansas Exemption) Law — Equity crowd funding
    - A great law that people aren't aware of
    - Who is providing this information? Where is it?
      - Need one-stop shop for information like this
  - Help farmers adjust to changing market (we have always raised/planted, possibly need to change what is being produced, to hopefully decrease surplus)
  - Educate for knowledge of grants provided by organizations/services
  - Open relationships with the business owners and their bankers.
  - Need mediators for business owners to communicate with the accountants and lawyers. Need to really increase mediators to add this resource to business owners.

- Explaining who qualifies for loans/credits.
- Land Availability
  - Need extension offices to mediate and help with families because of bad family relationships. To help with transitions from parents to kid/kids.
  - Matching up aspiring farmers to aging farmer, aging farmer that may not have a child to pass the land/farmer down to, to help with connection of the two to continue the farm land.
  - Land price and rent will have to come down, to help encourage farming.
  - Incentive/Internship program for family farms selling to non-family members
  - Don't put land in the court because it's hard to get it out.
- Regulations
  - Digital Millennium Copyright Act — right to repair law — several states are working on this law, where equipment dealers can't sell their products in the state unless they allow anyone to repair their product. Problem is that mainly concerns John Deere and it's a political battle to get a state to change the laws that affect such a big company like John Deere.
  - Uniformity in enforcements
  - Education about the regulations, so people know what's going on
  - FISMA — What it means to be GAP certified and what the costs are.
    - KDA does have a cost-share program, but it isn't enough for some small farmers
  - Make some changes to corporate farming laws
    - Some made operations move up to Nebraska and Iowa
  - Get rid of unnecessary regulations — need a review of regulations to see the unintended consequences.
  - Review on regulations to take the choke hold off little operations.
  - Statewide criteria to be ag friendly communities (marketed by Dept of Ag and Dept of Commerce)
  - Can KDA's licensing guides be provided to financial institutions to share to people?
  - Business contacts/licensing guides — people don't know they exist
  - Work with KDA on adjusting, user friendly, regulations and help companies through the process to be compliant with the regulations.
  - Let startup businesses know the resources that are available to them to help start up. Let them know the regulations and license requirements.
  - Educating producers on regulations and resources for when they start up. Help them education on what license they need and what paper work they need to fill out.
  - Linking googled questions about regulations of an industry to the actual regulations provided by the KDA, for when people are looking up the resources to start a business.
- Succession Planning
  - Need to set up benefit programs for workers to bring individuals into the business.

- Setting up a rent-to-own kind of corporation, if you work for this company you get shares in the company, the opportunities to purchase assets.
- Starter flocks, organizations that just starter options (beginner farmer)
- Farm Mentorship Program — some states have, but not Kansas
- Younger generation doesn't have the life skills help them when starting a farm (someone in their 20's starting an operation vs someone in their 40's starting)
- KSU Research and Extension as mediators
- Allowing individuals to invest in farms by buying shares, and investing other resources into someone's farm of interest.
- Stronger connection between Dept of Ag and Dept of Commerce, find ways to bring the two together and get the two to look at agriculture the same
- Create a central location for resources — appoint someone/group to create
  - There are so many ag groups/associations, but do not come under one umbrella
    - Why? Thought they could all be under KDA
  - Clearing house of resources is the top of the funnel, associations in the middle, private individuals at the bottom (the ones with the experiences and years of knowledge)
  - KDA should help connect all the resources together
  - These organizations are all independent and don't have a government tie — so may not want to be a part. Would that be the perception? Maybe not, if only providing a website as a resource.
  - Include companies that offer mentorship
  - Organizations and resources are there, need to have visibility
  - Farmafield.com — people can buy small financial interest into farms (new Nebraska program)
  - Communication between Dept. of Ag and Dept. of Commerce
  - Does Google recognize the resources that are out there? When people search for the resources, are the right ones showing? (Better SEO strategy needed)