

TESTIMONY OF GREENSTONE FARM CREDIT SERVICES CEO DAVE ARMSTRONG

BEFORE HOSUE AGRICULTURE COMMITTEE REGARDING INVASIVE SWINE

MAY 4, 2011

For the benefit of those that may not be familiar with GreenStone Farm Credit Services, we are the largest agricultural lender throughout Michigan and northeast Wisconsin. We finance a range of agricultural businesses throughout our territory that represent Michigan's second leading industry and are helping to drive the state's economy. Our association is the sixth largest in the national Farm Credit System, with more than \$5.6 billion in assets and nearly 21,000 customers. These businesses that we serve are creating local jobs and opening opportunities for future economic growth.

The most important thing to know about GreenStone is **that we are a cooperative owned by our nearly 21,000 customers, the vast majority of whom are farmers.** We don't return a dividend to shareholders. Instead we return what we call patronage to our members. Last year we **returned over \$18.2 Million to our members...with over \$85 million being returned over the past six years.**

GreenStone – along with the large majority of the rest of the agricultural industry and every commodity group which has taken a position – views invasive swine species as a serious threat to Michigan's economic growth. As I'm sure you are well aware, commercial pork production in this state contributes \$500 million and 6,000 jobs to Michigan's economy. In addition, Michigan's No. 1 commodity, the dairy industry, generates over \$6 billion every year while employing more than 26,000 people. The continued growth of these vital industries is threatened if we do not take the necessary measures to eradicate invasive swine from our state.

Just to give you an idea of the importance of these industries to GreenStone, our association has nearly \$200 million in loan volume extended to almost 200 swine producers in Michigan. In addition, we have over three quarters of a billion dollars of loan volume to almost 1,700 dairy farmers and \$62 million to 150 commercial feedlots as well. Invasive swine could potentially not only infect the commercial swine herds, but transmit disease to both dairy and beef cattle as well. Together, these industries represent over \$1 billion in loan volume and 2,000+ customers to us. Not only can invasive swine negatively impact livestock farmers, but they can also have a negative impact on crop farmers as well by eating and destroying crops in the field. Nationwide, estimates of crop damage from invasive swine are well into the hundreds of millions of dollars annually. This is of particular concern today with a very late planting season and high crop prices. Crop farmers will need every kernel at harvest to make ends meet!

Allowing these invasive species to be used for sport hunting in this state simply doesn't add up! They will put family farm operations out of business. While adding them to the range of hunting options for those game facilities that choose to use them can undoubtedly improve their revenue, the slight economic gain is vastly offset by the economic loss of our commercial farming industry.

In fact, a House Fiscal Agency memorandum dated October 5, 2010 indicated that since the state started regulating privately owned cervid facilities in 2001, regulatory fees have not covered the full cost of the

regulatory requirements. Fee revenue for the four fiscal years ending September 30, 2006 averaged only \$34,248 annually, while on-going regulatory costs averaged \$600,473. While higher regulatory fees increased revenue to \$106,640 in 2009, average regulatory costs including Chronic Wasting Disease monitoring increased to \$1.36 million! This does not even include \$464,171 in indemnity payments to owners of deer destroyed due to Bovine TB infection. So, based on this past experience and the impact invasive swine can have on agriculture, a ban is the best and only way to effectively control their spread. These are very aggressive animals and there is no way they can be 100% confined by fencing or any other regulatory method.

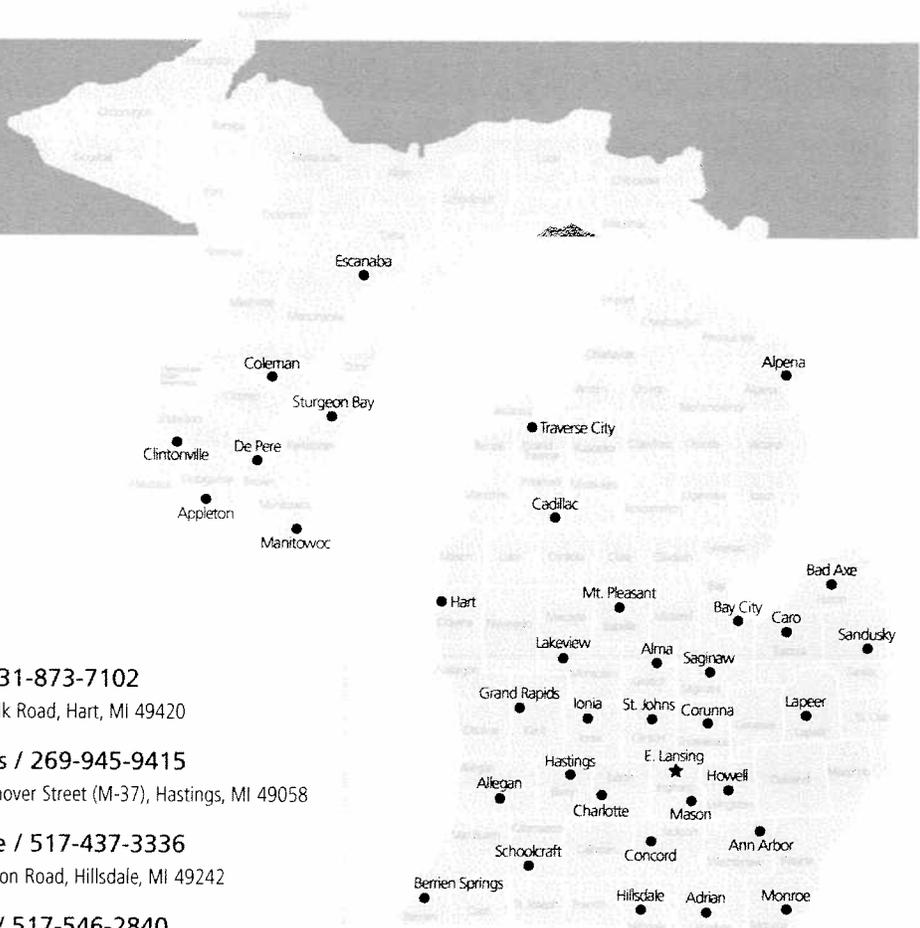
So, today we stand alongside many commodity, conservation, and sporting groups in strong support of the DNR's order declaring these animals an invasive species. The fact is that in these trying economic times for the state of Michigan, agriculture has been a shining light...with consistent growth over the last decade that has led it today to being a \$71.3 billion a year industry that employs more than 1 million of our state's residents. Why would we want to threaten such an integral part of our state's road to economic recovery?

Last week, your committee heard from Dr. Meyer as he provided you with all the scientific evidence for our position. Couple that with the clear and undeniable economic impact invasive swine could have on this state's second leading industry, and I think we can all see why regulation is not the proper answer. We urge you to listen to the science and economic reports and ban invasive swine for the sake of Michigan's economy, commercial agricultural operations, and our natural resources.

37 teams in

Michigan N.E. Wisconsin

at your service



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An Array of Products and Services

GreenStone's financial and agricultural expertise, broad array of products and services, competitive pricing, and high quality of service are all critical to serving the needs of its marketplace.

GreenStone FCS customers have access to a menu of products and services that includes:

Operating Loans – available with a variety of rate options and terms to assist producers with their day-to-day operations.

Equipment Loans – for both new or used equipment, with a variety of rate options and terms.

Leasing – for all types of farm equipment and facilities.

Residential Home Loans – financing to purchase, build, remodel, and/or refinance a home with fixed or adjustable rate programs with terms up to 30 years.

Construction Loans – Do it yourself or fully contracted programs with flexibility and competitive rates and terms.

Vacant Land and Home Site Loans – with as little as 15 percent down and no additional security required.

Recreational Land Loans – variety of flexible financing options with competitive rates for the purchase, refinance or improvement of rural recreational properties – both small and large acreage.

Country Living Equity Loans – a home equity line of credit for part-time farmers with both variable and fixed rate options.

Farm Cash Management – combines the ready availability of your GreenStone FCS operating loan with the high return of a short-term investment.

MasterCard & VISA Credit Card – GreenStone FCS branded card offering a variety of reward programs, no annual fee, and automatic Quick Pay option tied to your operating loan with GreenStone.

Crop Insurance – both Crop Hail Insurance and Multi-Peril Crop Insurance programs available.

Life Insurance – a variety of programs with flexible terms and competitive rates, including Minnesota Life Family Security Plan, and Genworth, Banner, ING term insurance, and Individual and Business Expense Disability Insurance plans.

Accounting Services – offering support for various software programs, payroll or general accounting questions, as well as providing AgManager and QuickBooks Software and a full menu of reports.

Tax Planning and Preparation Services – certified tax specialists offering tax return preparation, payroll compliance services, tax planning and IRS audit assistance.

Appraisal Services – conducted on agricultural, agribusiness and rural residential properties.

Home Banking – online service available 24 hours a day, seven days a week at www.greenstonefcs.com, allowing customers to view account history and conduct transactions.

Patronage Program – designed to give back a portion of patronage eligible net interest income in the form of cash to those customers who have borrowed funds throughout the year.



FAST FACTS ABOUT GREENSTONE

- GreenStone Farm Credit Services (“GreenStone”) is the 6th largest lender in the national Farm Credit System, with more than \$5.6 billion in assets.
- GreenStone has nearly 21,000 farmer members in Michigan and Northeast Wisconsin. As a cooperative, GreenStone has returned over \$85 Million in patronage checks to its farmer members in the last 6 years.

FAST FACTS ON MICHIGAN’S PORK & DAIRY INDUSTRIES

- Pork production contributes \$500 million and 6,000 jobs to Michigan’s economy.
- In addition, Michigan’s No. 1 commodity, the dairy industry, generates over \$6 Billion every year while employing more than 26,000 people.
- The continued growth of these vital industries is threatened if we do not take the necessary measures to eradicate invasive swine from our state.

FAST FACTS ON LOAN VOLUME & CROP DAMAGE

- GreenStone has over \$200 Million in loan volume extended to almost 200 pork producers in Michigan. GreenStone has over \$750 Million in loan volume to almost 1,700 dairy farmers and \$62 Million in loan volume to over 150 cattle feeders as well.
- **Together, these industries represent over \$1 Billion in loan volume and 2,000+ customers.**
- Invasive swine could potentially not only infect the commercial swine herds, but transmit disease to both dairy and beef cattle as well.
- Not only can invasive swine negatively impact livestock farmers, but they can also have a negative impact on crop farmers as well by eating and destroying crops in the field. Nationwide, estimates of crop damage from feral swine are well into the hundreds of millions of dollars annually. This is of particular concern today with a very late planting season and high crop prices. Crop farmers will need every kernel at harvest to make ends meet.
- **Allowing these invasive species to be used for sport hunting in this state simply doesn’t add up.** They will put family farm operations out of business. While adding them to the range of hunting options for those game facilities that choose to use them can undoubtedly improve their revenue, **the slight economic gain is vastly outweighed by the economic loss of our commercial farming industry.**

FAST FACTS ON REGULATORY COSTS

- A House Fiscal Agency memorandum dated October 5, 2010 indicated that since the state started regulating privately owned cervid facilities in 2001, regulatory fees have not covered the full cost of the regulatory requirements. **Fee revenue for the 4 fiscal years ending September 30, 2006 averaged only \$34,248 annually, while on-going regulatory costs averaged \$600,473.**
- **While higher regulatory fees increased revenue to \$106,640 in 2009, average regulatory costs including Chronic Wasting Disease monitoring increased to \$1.36 million.** This does not even include \$464,171 in indemnity payments to owners of deer destroyed due to Bovine TB infection.
- DNRE and the MDA have conservatively estimated that the invasive swine bills as introduced in 2011 would impose nearly \$600,000 in new and unsupported regulatory costs.

