



GEORGIA STATE SENATE SENATE RESEARCH OFFICE

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Final Report of the Senate Study Committee on Creating a Georgia Agricultural Marketing Authority (SR 442)

Committee Members

Senator Larry Walker, Chair
District 20

Senator Ellis Black
District 8

Senator Tyler Harper
District 7

Senator Freddie Powell-Sims
District 12

Senator John Wilkinson
District 50

COMMITTEE FOCUS, CREATION, AND DUTIES

The Senate Study Committee on Creating a Georgia Agricultural Marketing Authority (Committee) was created with the adoption of Senate Resolution 442 during the 2019 Legislative Session. The Committee was charged with examining the possibility of creating a state-wide authority to provide facilities and activities for the agricultural community to market and promote its products to agribusiness and the public.

The Committee was comprised of the following Senate members:

- Senator Larry Walker of the 20th;
- Senator Ellis Black of the 8th;
- Senator Tyler Harper of the 7th;
- Senator Freddie Powell-Sims of the 12th; and
- Senator John Wilkinson of the 50th.

Senator Larry Walker served as Chair of the Committee. The Committee met three times during the interim. Meeting locations were: the Atlanta Farmers' Market, the Georgia National Fairgrounds and Agricenter, and the Georgia State Capitol. The Committee received public testimony and comment from an array of industry participants, stakeholders, and state agencies. Speakers included Commissioner Gary Black and Mr. Matt Kulinski from the Department of Agriculture, Ms. Bonnie Wilson of Sutherland's Food Service, Mr. David Collins of Collins Produce, Mr. Nickey Gregory of the Nickey Gregory Company, Mrs. Katherine Russell of the Senate Research Office, Ms. Mary Waters and Ms. Sidne Smith of the Georgia Department of Economic Development and Mr. Blake Raulerson from Farm Bureau.

The following legislative staff members were assigned to this Committee: Ms. Elisabeth Fletcher of the Senate Press Office; Ms. Natalie Heath of the Senate Budget and Evaluation Office; Mrs. Katherine Russell of the Senate Research Office; Mr. Paul Higbee of the Office of Legislative Counsel; and Ms. Ali Farmer, Legislative Assistant to Senator Larry Walker.

COMMITTEE MEETINGS

Meeting 1- August 28, 2019

The Committee held its first hearing at the Georgia Grown Welcome Center of the Atlanta Farmers' Market. The meeting was meant to discuss the status of the state run farmers' markets and testimony was heard from the following individuals:

- Mr. Gary Black, Commissioner, Georgia Department of Agriculture
- Mr. Matt Kulinski, Georgia Department of Agriculture, Marketing Division
- Mrs. Bonnie Wilson, Sutherland's Food Service
- Mr. David Collins, Collins Produce
- Mr. Nickey Gregory, Nickey Gregory Company
- Mrs. Katherine Russell, Senior Policy Analyst, Senate Research Office

Commissioner Gary Black began the meeting by giving an overview of the Atlanta Farmers' Market. Mr. Matt Kulinski, from the Georgia Department of Agriculture's Marketing Division, continued with a PowerPoint presenting the history of the farmers' markets and current trends. He explained that the Department of Agriculture cannot make maintenance strategies because they rely on appropriations from the General Assembly. The Commissioner explained that the Department wants a separate authority to avoid the financial restrictions in place now; he believes that his hands are tied when it comes to financial autonomy.

Ms. Bonnie Wilson of Sutherland's Food Service, Mr. David Collins of Collins Produce and Mr. Nickey Gregory of the Nickey Gregory Company are vendors at the Atlanta Farmers' Market. Their panel style testimony included commentary about needed improvements to the facilities, how it negatively effects their compliance with food safety regulations, and what capital they have invested into the facilities in addition to rent. Specifically, their complaints centered around antiquated water systems, lack of energy efficiency, inadequate parking for employees, and the appearance of the market. Mr. Collins recommended constructing new buildings instead of repairing the existing. Senator Wilkinson asked why the vendors stayed at the Atlanta Market if there were other options without these hindrances.

Mrs. Katherine Russell from the Senate Research Office presented a PowerPoint addressing the current financial state of all nine farmers' markets along with information concerning general operations at each location. Several of the farmers' markets were operating at a loss for fiscal year 2019, only three of the nine markets were operating at a profit above \$50,000. The Atlanta Farmers' Market generated the highest profit of \$3,334,943.67 and the Cordele market operated at the greatest loss of \$116,548.27 for fiscal year 2019. See Appendix A for greater detail of profits and losses of individual markets.

Meeting 2 – September 17, 2019

The Committee held its second meeting at the Georgia National Fairgrounds and Agricenter in Perry, GA. This meeting was meant to discuss the efforts of state and private groups in promoting agribusiness. Testimony was heard from:

- Ms. Mary Waters, Deputy Commissioner, International Trade, Georgia Department of Economic Development

- Ms. Sidne Smith, Director of Public Policy and Government Relations, Georgia Department of Economic Development
- Mr. Blake Raulerson, Government Affairs Specialist, Farm Bureau

Testimony was given by Ms. Waters and Ms. Smith concerning the role that the Georgia Department of Economic Development plays in supporting agribusiness. The discussion focused on the International Trade division and what support they provide in promoting export business to foreign countries. There are two trade managers at the Department of Economic Development who focus on agribusiness. Their focus is to provide support by moving at the speed beneficial to small business and being careful to remove barriers for small business. (It was mentioned that most large businesses don't need the assistance of the Department of Economic Development because they have their own brokers, relationships, etc.) Sen. Walker asked for a dollar figure on exports. Ms. Waters explained that about \$4.2 billion of exported agriculture goods came out of Georgia last year making up about 10 percent of the total exported goods of the state. Fifty to sixty percent of those goods are consumer oriented (not bulk), like fruits, poultry, nuts, beer, wine, etc. Sen. Walker asked what the trends in exporting look like. Ms. Waters explained that they are growing overall and specifically, there has been a 63 percent increase in growth of exports in the last decade. Over the last 15 years, Georgia's exporting has more than tripled and now reaches 158 countries.

The Department of Economic Development teams with the Department of Agriculture to allow members' access to SUSTA (Southern US Trade Association). The funds that pay for membership are provided through the US Farm Bill and come through the Department of Agriculture. SUSTA is focused on global access for farmers. Sen. Walker asked some questions about the Department of Agriculture traveling to trade shows for promoting Georgia agricultural products. He asked about the MOU (memorandum of understanding) and how closely the Department of Economic Development works with the Department of Agriculture. Ms. Smith explained that they market Georgia Grown just like any other asset, but that SUSTA has more of a joint staff and they work very closely with the Department of Agriculture¹. Sen. Wilkinson asked if there would be any overlap or overshadowing with the Georgia Department of Economic Development if they passed House Bill 455 (relating to creating a new Agriculture Marketing Authority). Mr. Jack Spruill of the Department of Agriculture, who was sitting in the audience, answered the question by saying there is no intent to overshadow the Department of Economic Development. However, he believes there is a place for the Department of Agriculture to promote agricultural goods in conjunction with the Department of Economic Development so as to help shepherd in some things they may not be aware of. He estimates the overlap with international marketing to be very small.

Testimony was given from Mr. Raulerson representing the Georgia Farm Bureau. Farm Bureau is composed of over 260,000 members representing every county of Georgia. Overall, Mr. Raulerson expressed that Farm Bureau supports the marketing of agricultural products in the marketplace and supports any entity promoting that cause. He did mention specifically that they want to see more growth and successful farmers markets. He noted that financial flexibility of farmers markets could be a good thing. Sen. Walker asked if there was a need for a terminal type facility anywhere else in Georgia (other than the one in Atlanta). Mr. Raulerson replied that yes, Farm Bureau would love to see that but did not comment as to a specific place. Sen. Walker considered divesting the existing farmers markets in lieu of a terminal type facility. He asked if the Farm Bureau would care if they closed the Macon famers markets. Mr. Raulerson had no problem with that. When Sen. Walker asked

¹ This MOU was updated on October 1, 2019. See more detail in the Meeting 3 section listed below.

about closing the Cordele farmers market, Mr. Raulerson explained that the location is still being used by farmers and wouldn't want to see them go.

Meeting 3- December 17, 2019

The Committee held its third meeting at the Georgia Capitol in room 125. The meeting was meant for testimony from Commissioner Gary Black and to adopt the final report.

Commissioner Black provided testimony concerning the Georgia Department of Agriculture's efforts geared toward promoting and marketing Georgia Grown products in the global marketplace. He provided the Committee with a number of handouts including a new Memorandum of Understanding (MOU) dated October 1, 2019 between the Georgia Department of Agriculture and the Georgia Department of Economic Development. This MOU formalized the interagency approach to marketing Georgia products. One change expressed in the MOU was that the Georgia Department of Agriculture will now serve as Georgia's sole coordinating agency for SUSTA programs. Commissioner Black also expressed that there would be no duplication of efforts between the Georgia Department of Economic Development and the Georgia Department of Agriculture; rather, each agency would be working together to achieve greater brand recognition across domestic and international markets.

Commissioner Black further discussed the expansion of staffing into international and domestic brand activities by Mr. Paul Thompson and Ms. Sara Cook. Further, he gave examples of efforts the Georgia Department of Agriculture has made expanding into the Asian market by investing in a new trading platform in Taiwan for pecans. This project will be a \$1.5 million, three-year initiative funded through the federal Agricultural Trade Promotion Program. In support of the project, a trade mission including five growers met with 13 importers in September, and then hosted an in-bound mission for 10 buyers in October. These meetings have resulted in six containers of pecans being delivered for sale in the Asian markets for the Christmas retail season.

Senator Walker and Commissioner Black discussed the \$1 million dollar appropriation given in the 2019 continuation budget to provide funds for strengthening the domestic and international marketing activities for Georgia products². Inquiries were made if the governor's ongoing and considered reductions to the budget were affecting the GDA programs. Commissioner Black responded that it will likely result in surrender of about \$160,000 of Georgia Grown cash.

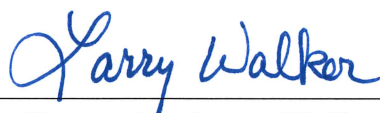
Senators Walker and Black expressed their desire to see the state run farmers' market properties used to their highest and best use.

At the conclusion of the meeting, the Committee voted to adopt the final report. There was a quorum present and the final report was adopted unanimously.

² This is from line item 13.4.8 of House Bill 684. Available for viewing at:
http://www.house.ga.gov/budget/Documents/2019_FiscalYear/FY_2019_Tracking_Sheet_Conf_Cmte.pdf

Respectfully Submitted,

FINAL REPORT OF THE SENATE STUDY COMMITTEE ON CREATING A
GEORGIA AGRICULTURAL MARKETING AUTHORITY



Honorable Larry Walker, Chair
Senate District 20

APPENDIX A

Georgia Department of Agriculture
SFY2019 Farmer's Market Income Statement
July 01, 2018 - June 30, 2019

Markets	Revenue	Expense	Net Profit (Loss)
Atlanta	4,745,478.14	1,410,534.47	3,334,943.67
Augusta	174,344.06	166,417.22	7,926.84
Cairo	11,415.00	1,655.78	9,759.22
Columbus	0.00	5,767.18	(5,767.18)
Cordele	83,943.86	200,492.13	(116,548.27)
Ellijay	2,500.00	0.00	2,500.00
Glennville	750.00	(430.19)	1,180.19
Macon	153,135.00	201,883.40	(48,748.40)
Moultrie	140,980.00	68,778.22	72,201.78
Savannah	138,967.10	158,486.77	(19,519.67)
Thomasville	156,084.00	103,550.16	52,533.84
Valdosta	39,497.00	7,864.97	31,632.03
Total	5,647,094.16	2,325,000.11	3,322,094.05