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## **Freedom and Opportunity Agenda – Agriculture and Rural Plan for Indiana**

For most Hoosier farmers, farming is the family business. For generations, Hoosier families have worked alongside each other to feed the world. Our farmers have always found ways to prosper in the face of challenge, but as more young Hoosiers leave their rural hometowns for new opportunities, the future of our farms and rural communities is at stake.

Across the state, rural Hoosiers are concerned about the sustainability of their way of life. They are taxed to the brink; their communities are losing population and opportunities to metropolitan areas; and the young and beginning farmers who *do* choose to enter the industry are not given the tools they need to succeed.

The enormity of these challenges is reflected in the data. Between 2010 and 2020, the population in Indiana's urban and suburban counties grew by as much as 26.5 percent. At the same time, our state's population in rural counties shrunk by an average of 2 percent (and by as much as 8.3 percent in some counties). More concerning, rural counties lost an average of 8 percent of their population under 18 years of age.

These systemic threats to rural communities are not going away, and without serious and honest reflection, will only get worse. In order to meaningfully support farmers and rural Hoosiers, the State of Indiana must look closely at the problems facing these communities and embrace creative, entrepreneurial solutions.

This agenda proposes entrepreneurial solutions that:

1. Improve Customer Service for Farmers.
2. Provide Tax Relief that Protects Family Farms.
3. Target Economic Development to Rural Communities.
4. Build Out Reliable Connectivity.
5. Protect Hoosier Farmland.

By enacting the Freedom and Opportunity Agenda – Agriculture and Rural Plan for Indiana, the State of Indiana can better protect and enhance the rural way of life for generations to come.

### **Improve Customer Service for Farmers:**

Hoosier farmers interact with several state departments and agencies in the regular course of their work. In addition to the Indiana State Department of Agriculture (ISDA), a farmer may also interact with the Indiana Department of Environmental Management, the Indiana Department of



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Health, the Indiana Department of Homeland Security, the Indiana State Board of Animal Health, the Office of State Chemist and Seed Commissioner, and a handful of other agencies.

For Indiana's family farmers, this web of agriculture agencies can be hard to navigate. Many times, due to this confusion, farmers are simply unaware that a funding opportunity, technical assistance resource, or regulation applies to them. Other times, farmers spend valuable time searching for an answer or valuable revenue hiring a consultant to do so on their behalf. In order to help our farmers and rural communities to successfully navigate their government, the State should prioritize customer service within its agriculture-facing agencies.

### ***Plan of Action***

Rural.IN.Gov: One of President Trump's most popular initiatives for agriculture created a one-stop-shop for federal funding opportunities at USDA—*Farmers.gov*. The State should develop a similar, single portal for Hoosier farmers.

- *Support for New Markets*: Hoosier farmers are often interested in diversifying their operations but are not sure where to begin. In many cases, their entrepreneurial spirit is hampered by technical jargon, practical limitations, and unfamiliar regulations. ISDA should develop "diversification checklists" for farmers considering new lines of business. These resources would help producers to navigate the confusing web of farm regulations and avoid punitive enforcement actions from the start. They would also provide clear information about any technical and practical best practices for the would-be new market.
- *Technical Assistance*: Today, farmers have access to countless resources for technical assistance. However, without a central repository, many of these resources go unnoticed. ISDA should coordinate with Purdue Extension, the State Climatologist, and USDA to create a one-stop-shop to connect farmers and agribusinesses with responsive data visualization tools and technical assistance programming.
- *State Funding Opportunities*: Create a one-stop-shop for state funding opportunities for farmers, agribusinesses, and rural communities.
- *Regulatory Impact Information*: Provide concrete information about proposed regulations and how they may impact individual producers, agribusinesses, or segments of the agriculture supply chain.
- *Public Comment*: Establish a formal venue to collect Hoosiers' comments on federal regulations that impact the rural economy, allowing the State to vigorously advocate on behalf of Hoosiers.



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### **Tax Relief that Protects Family Farms:**

Hoosier farmers contend with razor-thin margins, rising input costs, and adverse weather. In fact, according to USDA's Economic Research Service, skyrocketing production expenses and diminished cash receipts have reduced net farm income by over 25 percent between 2023 and 2024. In no other line of work would a small business be asked to accept these market conditions as the status quo.

Over the last few years, Hoosier farmers have also been hit with skyrocketing property taxes. In Indiana, farmland is valued for tax purposes as a factor of a "base rate," certain soil productivity factors, and other influence factors. This process is meant to capture a "value-in-use." However, since these calculations rely on an average of the lowest five of six years, farmland valuations are a lagging indicator of the true farm economy.

As a result, while farm income is down for Hoosiers, tax bills are on the rise. In fact, in 2024, the average Hoosier farmer saw his or her farmland taxes rise by 10 percent, with no relief in sight for 2025. Family farms should be supported, not hindered, by our tax code.

### ***Plan of Action***

Property Tax Relief: To address skyrocketing property taxes, the State should provide historic property tax relief by capping property tax increases, reforming the referendum process, and updating the farmland base rate formula to better reflect the modern economy.

- *Cap Property Tax Bills:* Protect farmers from drastic property tax increases by capping the year-to-year increase in farmland property tax bills at 3%. If this plan had been in place, average farmland tax bill increase in 2024 would have been spread over nine years.
- *Reform the Referendum Process:* Through referendums, taxpayers are empowered to approve or disapprove of certain property tax increases. However, low voter turnout, misleading ballot language, and unchecked referendum tax bill growth have led many Hoosiers to feel burdened by runaway referendums.
  - High-Turnout Elections: Require that all property tax-related referendums take place during high-turnout elections (e.g., general elections in even years).
  - Ballot Language: Require a referendum to propose a total levy (e.g., "Shall the school district raise \$5 million to replace the school bus fleet?"), rather than propose a tax rate.
  - Control Bill Growth: Subject referendum property taxes to a 3% property tax bill growth throttle.

- Update the Farmland Base Rate Formula: Currently, the farmland base rate formula is a lagging indicator of the true farm economy, meaning that farmers' tax bills start to rise a couple of years *after* their revenue. In fact, in recent years, the farmland base rate and global corn prices have been *countercyclical*.
  - Adjust the Maximum Capitalization Rate: The capitalization rate serves as a check against rapid base rate growth. Since 2016, if the preliminary base rate is more than 110 percent of the previous year's final base rate, the capitalization rate is 8%. This "8% trigger" has been in effect every year since 2016. The State should adjust the maximum capitalization rate to 10% to provide more relief to farmers.
  - Remove Federal Payments: Currently, estimated USDA payments to farmers are included in operating income for the purposes of calculating the base rate—including *ad hoc* disaster payments. The State should consider removing some (or all) federal payments from the base rate calculation.
  - Review Input Cost Data: In calculating the base rate, the State deducts input costs from net operating income. Over the last decade, volatile input markets have caused costs to skyrocket year-over-year. The State should audit its input cost data to ensure it is using accurate indicators.

Enhanced Farm Safety Net: In Washington, D.C., Democrats are fighting against Republican efforts to strengthen the farm safety net and put more "farm" in the Farm Bill. These big interests have shown their hand—they care more about carving out more of the pie for themselves than growing the pie for farmers. The State should tackle this head-on by creating new tax-advantaged Farm Savings Accounts (FSA), which would serve as "rainy day" funds to smooth out farm income between good and bad years.

- Under this program, farmers would be able to open tax-advantaged FSA funds and contribute into it annually. Farmers would be able to make withdrawals from their FSA when gross revenues fall below a statutory threshold. They would also be permitted to use their FSA dollars to make qualified on-farm investments.
- This model was proposed by former U.S. Senator Richard Lugar in 2007, then-Chairman of the Senate Agriculture Committee.

Young and Beginning Farmer Tax Credit: A major barrier for many young and beginning farmers is securing affordable farmland. Historic farmland prices have blocked countless would-be farmers from setting up shop. At the same time, many aging farmers have not identified a



clear succession plan. The State should develop a Young and Beginning Farmer Tax Credit to support farmers at the beginning and end of their careers.

- Under this program, older farmers would receive an adjusted gross income tax credit in exchange for selling or renting their assets to a qualified beginning farmer.
- This model has been proven in Kentucky and Pennsylvania, and would not only provide a clear path to farmland for young and beginning farmers, but would also provide much-needed tax relief to aging farmers.

### **Target Economic Development to Rural Communities:**

Over the last decade, Indiana's economic development programs have generated billions of dollars in capital investment, supported the creation of thousands of high-wage jobs, and earned three major federal tech hub designations.

However, at the same time, rural Hoosiers have watched their neighbors and children move away for job opportunities in metropolitan areas, and their communities continue to be passed over for basic amenities like child care and affordable healthcare.

In order to unlock the potential of rural Indiana, the State must take steps to ensure that state economic development dollars reach communities of all sizes, that they are invested with accountability and transparency, and that they support rural livability.

### ***Plan of Action***

Hoosier Rural Business Growth Program: The State should create a targeted program for rural Indiana: the Hoosier Rural Business Growth Program. Through this program, IEDC would attract qualified private sector investors to raise and invest flexible capital into rural communities and help rural businesses to sustainably expand their operations. By prioritizing rural businesses, the Hoosier Rural Business Growth Program will support rural communities by helping entrepreneurs to grow their businesses and create good-paying jobs for Hoosiers.

- This model has been proven to help homegrown businesses in Ohio, Oklahoma, and Utah to create jobs and revitalize their rural economies.

Accountable and Transparent Economic Development: Hoosiers should be confident that the State's economic development programs are earning the best return on investment for the entire State. In order to earn this confidence, the State should implement new accountability and transparency safeguards at IEDC.

- *Ratepayer and Resource Impact Analysis:* As part of its due diligence process, the State should require IEDC to analyze the impact of its investments on Hoosiers' utility costs and regional water and energy resource availability. IEDC would also be directed to study whether new generation, transmission, or distribution capacity would be needed to serve an IEDC project. For any investment that is projected to have a negative impact on ratepayers or electric cooperative member-consumers, IEDC would be required to develop and implement a mitigation plan.
- *Harmonized Strategic Planning:* The Governor should regularly convene leadership from the State's key commerce and strategic agencies (e.g., IEDC, Indiana Department of Transportation, Indiana Utility Regulatory Commission, the Ports of Indiana, Office of Energy Development, Indiana State Department of Agriculture, and the Indiana Finance Authority) in order to effectively communicate a single strategic plan for the State, identify assets that enable organic investment, and ensure that our physical infrastructure is prepared to support tomorrow's commerce.

Rural Livability – Child Care: For many young families, access to affordable child care is a non-negotiable (see “Build Out Reliable Connectivity” below for another non-negotiable: reliable broadband). However, in many rural communities, it is simply not economically feasible to operate affordable child care facilities.

The State's current child care programs provide vouchers to low-income families to defray the cost of child care. While these programs help to increase access in communities with adequate child care supply, they do not address the fundamental child care shortfall in Indiana. The State should address this shortfall by empowering local governments to work alongside employers to create and sustain new child care facilities.

- Under this program, communities would enter into public-private partnerships with local providers, supported by flexible state funding and a local match. The State would provide proportional funding to counties on a per child basis. Counties would be required to opt into the program and would be able to raise local match from public or private dollars.
- This program builds on the success of a similar model for local public health funding, as passed into law in 2023 and codified at IC 16-46-10.

### **Build Out Reliable Connectivity:**

Broadband is essential infrastructure, and it has become part of how Hoosiers work, learn, and even access healthcare. While many Hoosiers living in cities and suburbs have been connected to



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high-speed internet for years, many rural communities are still fighting for access to sufficient broadband.

Addressing this connectivity gap is central to unlocking sustainable economic development in rural Indiana. Reliable internet access is now non-negotiable for young families looking for a place to raise children, as well as entrepreneurs looking to start or relocate a business. On the farm, agricultural equipment manufacturers have rolled out next-generation models that, when connected to the internet, offer unforeseen precision, efficiency, and data collection.

Thanks to the hard work of local elected officials and entrepreneurs across the state, as well as the Indiana Office of Community and Rural Affairs (OCRA) and Indiana Broadband Office (IBO), our state has made headway in building out broadband. However, there is still work to be done until every corner of the state has reliable internet access to the last mile and the last acre.

### *Plan of Action*

Community Connectivity Program: In 2016, the Indiana General Assembly established the Community Crossings grant program for roads and bridges. Through Community Crossings, INDOT provides matching grants to towns, cities, and counties to finance locally significant surface infrastructure projects. The State should establish a similar Community Connectivity Program for broadband infrastructure projects.

- This matching grant program would emphasize “skin-in-the-game” principles to award broadband funds. Rather than applying for the program alone, communities would partner with broadband developers and other community partners (e.g., businesses, non-profits, cooperatives) to apply.
- The program will reward applications in which multiple community partners stake cash or in-kind contributions, as well as those that exceed the match requirement.
- Similar to the Community Crossings program, smaller communities with less capacity to raise matching funds would have a lower match requirement.

Protect Hoosier Broadband Dollars: While many Hoosiers without connectivity live in rural communities far from broadband infrastructure, others live right outside city or town limits. However, due to quirky regulations and overstated coverage claims by some internet service providers, these “almost-served” Hoosiers end up slipping through the cracks. The State should direct IBO to block broadband developers from receiving state broadband dollars if they repeatedly make fallacious coverage claims.

Innovative Connectivity for Rural Hoosiers: Unfortunately, conventional broadband economics break down for Hoosiers who live in the most rural parts of the State—the areas that are not only



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unserved today, but are also excluded from funded broadband project areas. To serve these Hoosiers, the State needs to consider new, creative solutions. Specifically, the State should develop a program to support innovative broadband delivery models.

### **Protect Hoosier Farmland:**

Food security is national security, and the effective preservation of Hoosier farmland is critical to protecting and enhancing the rural way of life for the next generation.

In 2023, to better understand this issue, the General Assembly enacted legislation (House Enrolled Act (HEA) 1557, authored by Representative Kendell Culp) that directed ISDA to develop an inventory of Hoosier farmland lost from 2010 to 2022. In July, ISDA published its report, finding that 345,700 acres of Hoosier farmland were lost between 2010 and 2022. That's the size of approximately one and a half Indiana counties. The ISDA report made it clear—Indiana needs a comprehensive strategy for effective farmland preservation.

One leading threat to Hoosier farmland is acquisition by foreign adversaries like China. In fact, between 2010 and 2021, entities owned or controlled by the Chinese Communist Party expanded their ownership of American agricultural land by a factor of 27. During the same decade, China also invested billions of dollars through its Belt and Road Initiative to control other aspects of international energy and transportation supply chains.

Thankfully, Indiana has been a leader in fighting this serious threat. Earlier this year, the General Assembly enacted legislation (HEA 1183, led by Representative Kendell Culp and Senator Jean Leising), which banned foreign adversaries from owning or leasing Hoosier farmland. As this legislation is implemented, the threats posed by China become more advanced by the day.

### ***Plan of Action***

State Strategy for Farmland Preservation: While ISDA published its Inventory of Lost Farmland report in July, it has not announced further steps. The Inventory is simply too valuable for ISDA to only develop once. The State should direct ISDA to regularly update the Inventory and leverage the underlying data to develop a comprehensive strategy for effective farmland preservation.

Defend Hoosiers from Foreign Adversaries: Building off the General Assembly's bold leadership in enacting HEA 1183, the State should strengthen its defense against foreign adversaries like China by requiring foreign adversaries to divest of any land holdings in the State of Indiana and enacting legislation to require all foreign agents to register with the State. Among





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other things, this registration process would include a requirement to disclose the ownership structure of foreign entities, thereby bolstering the State's detection of Chinese shell companies.

Protect Landowner Rights and Local Government: Many Hoosiers are concerned about losing prime farmland to renewable energy development. At the same time, enrolling acreage into wind and solar contracts can be an opportunity for famers to diversify their income and pass the farm on to future generations. As state and local governments contend with ISDA's Inventory of Lost Farmland, the State should prioritize landowner rights and local governance.