Maximizing Impact Through the Alabama Agricultural Enhancement Program (HB523)

Ensuring access for Alabama's small and mid-scale farmers

ASAN

The Challenge

Net farm income in the U.S. fell by $25 billion below expectations in 2025, signaling what USDA economists have called a *"generational downturn in the farm economy."*

Farm numbers continue to decline nationwide, with the U.S. losing 15,000 farms in 2025 alone—all of which had annual sales under $1 million.

Alabama has lost 28% of its farms since 2007, a decline of 11,846 small farms. Today, **93% of Alabama farms are classified as small**, and **61% of those generate under $10,000 annually**.

Despite their size, **small farms produce 94% of Alabama's fresh-market vegetable acreage**—a cornerstone of local food supply, nutrition, and community food security.

Rising production costs, shrinking margins, and increasing debt loads threaten the remaining small and mid-scale producers, putting Alabama's domestic food supply and rural economies at risk.

"There are still farmers that don't have a high tunnel; there are still farmers that don't have a well. ... The government programs and some of the resources and the grants that are available [for small-scale farmers], it's primarily focused on education, and what's missing is the money for the land, for the equipment, for the inputs in order to build out that business."
- *Marie McGruder*, McGruder Farms, Sawyerville, AL

The Solution: Alabama Agricultural Enhancement Program (HB523)

A state-funded program administered by the **Dept. of Agriculture & Industry** to provide cost-share for equipment and supply purchases to strengthen Alabama agriculture.

To maximize the program's impact and ensure access for the producers most at risk, the legislature can strengthen HB523 through **differentiated cost-share percentages and eligibility criteria** for smaller-scale, non-commodity producers.

Why Differentiated Cost-Share Matters for Most of Alabama Farmers

1. One Size Does Not Fit All

Large-scale commodity producers (>$1M annual sales) and smaller-scale, non-commodity producers have fundamentally different cost structures and needs. Tailoring program eligibility ensures taxpayer dollars are deployed efficiently and strategically.



2. Support 10× More Farmers with the Same Funds

For every single large-scale producer in Alabama, **there are ten smaller-scale producers** who could benefit from the program. Their investment needs are modest and highly impactful.



Large-Scale, Commodity

- Tractors/combines: **$250,000–$500,000**
- Center-pivot irrigation: **>$100,000**
- Mixed fertilizer application: **$40,000–$50,000**
- H-2A visa–related costs (10 or more): **$30,000–$50,000**

Smaller-Scale, Non-Commodity

- High tunnel materials & installation: **$5,000–$15,000**
- Drip irrigation systems: **$500–$5,000**
- On-farm cold storage: **$1,000–$10,000**
- H-2A visa–related costs (2-3 workers): **$3,000–$5,000**

3. Proven Success in Alabama



The **Alabama Irrigation Initiative** has used differentiated cost-share (up to 65% for large-scale vs. 75–90% for smaller-scale producers) to significantly increase program enrollment among small producers in the Middle Alabama River Basin—demonstrating that this approach works in practice.

Benefits to Alabama

- **Slow the loss of small farms and stabilize Alabama's domestic food supply.**
- **Support the Farm to School program** as federal funding declines—protecting over $2M in local economic impact and improving nutrition for Alabama's children.
- **Reduce dependence on out-of-state food**, enhancing freshness, nutritional quality, and shelf life for Alabama consumers.
- **Strengthen rural economies** by keeping more dollars circulating locally.

Bottom Line for Legislators



Ensuring that HB523 includes differentiated cost-share percentages and eligibility criteria is the most cost-effective, high-impact strategy for protecting Alabama's agricultural future.

This approach keeps small and mid-scale farmers on the land, supports Alabama-grown food, and maximizes returns on taxpayer investments.