



Chairman Abney
House Finance Committee
Rhode Island State House
Providence, RI 02903

May 12, 2025

FOR: House bill 5534 – Urban and Small Farm Success Act

Dear Chairman Abney and Members of the Committee,

The Rhode Island Food Policy Council strongly supports House bill 5534, the Urban and Small Farm Success Act. This bill will update the state's suite of tax benefits for farmers so that it equitably covers small and urban farms which have historically been excluded. The bill would provide qualifying small farms (under 5 acres) and urban farms with tax relief on property, income, and sales taxes.

Forty years ago, when the original Farm, Forest and Open Space (FFOS) tax benefits were created, there were very few small and urban farms. Today there are approximately 80 urban farms and community gardens and over 170 small farms, and the number of farms in both categories is growing faster than in any other farm cohort in the state (USDA Census of Ag, 2022). There are good reasons for this growth! Successful community-based organizations like the Southside Community Land Trust and the African Alliance of Rhode Island have shown how supporting community gardens and urban farms can provide powerful health, education, environmental and economic benefits in their communities. Their urban farms provide low/no-cost fresh food, nutrition education, exercise and outdoor recreation, job training and a wealth of social activities to their participants, often in an environment that is otherwise lacking in fresh air, green space and healthy food retailers. Granting tax relief to these urban farms that is commensurate with that provided to larger farms is a good way to support their financial sustainability.

Rhode Island's small farms are located throughout the state, from suburban to very rural areas, and represent a growing group of financially sustainable small farm businesses that intensively grow specialty fruits, veggies and flowers. These small farms are selling direct to consumers through Rhode Island's farmers markets, CSA's and direct deliveries, and are also selling to local restaurants and institutional buyers. Their growth is being fueled by increasing consumer demand for fresh, local produce. Although their revenue per farm is small, they represent a healthy business cohort that provides jobs, high-demand consumer products and all the environmental benefits of sustainable farm activities. Granting tax relief to these small farms that is commensurate with that provided to larger farms is a good way to support their financial sustainability and growth.

This year's version of the bill includes several new safeguards that tighten eligibility for tax benefits, most notably that only farms and farmers that file an IRS Schedule F for their farm income can apply. This revision, as well as a much narrower definition of which multi-use buildings can qualify for tax relief in urban farms, strengthen the bill by preventing potential abuse. Also, as it currently does in the state FFOS program, the RI DEM will provide input regarding eligibility if requested by tax assessors or farm property owners.

An initial estimate of the economic impacts of this tax relief program suggest that it will have a very small impact on the state's current and future fiscal health. Using the most current Ag Census data to estimate the number of farms that would participate and the potential tax burdens that they would be shedding, the RI Food Policy Council estimates that the total lost state sales tax associated with this bill would be between \$3,000 and \$31,000 per year, and the total lost state income tax associated with this bill would be between zero and \$50,000 per year. The impact on municipal property taxes would be a total of between \$70,000 and \$263,000 per year, spread across the multiple municipalities in which farms are located.

This bill will give current small and urban farmers a welcome boost to their financial sustainability, with only a very modest impact on the state's tax revenues. It updates our state's tax policies so that they are in alignment with the growth of sustainable small and urban farms. We hope that the Finance Committee will vote to approve the bill.

Thank you for considering this request,



Diane Lynch
Board President

