

Testimony (written) of Pam Bouma Miller, Owner, Hopyards of Kent County before the United States Senate Committee on Agriculture, Nutrition and Forestry May 6, 2017

Thank you, Chairman Roberts and Ranking Member Stabenow for the opportunity to testify today. My name is Pam Bouma Miller and I am owner of Hopyards of Kent County and a founding board member of Hop Growers of Michigan. Hopyards of Kent Co. was established in 2011, and is one of the largest family- owned farms of hops in Michigan. We are dedicated to consistently producing the highest quality hops available, through hard work, teaching, training, and commitment to the hop industry. We also have a harvest center that opened in 2016 for our network of over 30 growers to bring in their yields to be picked, dried, baled, and passed on to the merchant for final sale.

Our family interest in growing hops and getting involved in the industry sprung from my personal passion of growing roses, lots of roses. In addition, my husband John's technical gifts, and my son-in-law Ian, who is from the state of Washington and carries a solid knowledge of the industry served to inspire this new farming experience for our family. I started in floriculture as a hobby and learned how to grow plants well. We had some family strengths, and the demand for local hops was apparent and growing.

The Michigan craft brewing movement has fast become nationally recognized as a leader in the industry. The economic impact of Michigan's craft beer industry is significant contributing to over 7,000 jobs with wages over \$232,000,000 and economic output of over \$600,000,000 as early as 2014 published by the Michigan Brewers Guild. It has only grown since, and the demand for local hops in a region with ideal attributes for hop growth exists due to climate exploded. The Michigan Brewers Guild exists to promote and protect the craft beer industry in Michigan and actively tracks the economic impact, public policy, legislation and regulations. Overall, the craft beer market grew 6.2% in 2016, and is the primary source of the increasing demand for Michigan hops throughout the country. The craft beer market is 12.3% of the overall market. The relationship between the hops growers, processors and brewers is important to the overall success of each other's interests, and each take a specialized set of skills, but in many ways they are all integrated.

Today Michigan is ranked 4th in the nation with over 1,000 acres in hop production. We have 200 growers supplying 200+ breweries in Michigan alone, and some additional purchasers which are international countries, including Thailand and Denmark for example. Michigan hops account for 5% of the \$252.6 million hop export market. It is also important to recognize the unique opportunity the Hop Growers of Michigan are pursuing through a Farm to Glass Bill to provide tax savings for the use of Michigan hops in Michigan beer.

In order for the Michigan hops industry to thrive and grow, the next Farm Bill will need to continue support for specialty crop programs. Last year, the Michigan hop industry used a Specialty Crop Block Grant to establish hop quality standards, provide education and training to growers and develop a two-level voluntary verification program. In considering the issues of specialty crops, the hops industry will need support in order to grow and these block grants have served the economic interests of the growing industry very well.

Value Added Producer Grants have been used to help hop farmers pelletize fresh hops for sale and distribution. Specifically, the equipment to process and handle hops is highly specialized and extremely costly. Getting the equipment into the community of growers required the use of these grants as no

one grower could otherwise support this cost. These grants also let farmers minimally process their products to supply *Pure Michigan* locally grown foods to cities and communities across the state, which allows farmers to seize the opportunity to provide a locally grown specialty crops, and translates into a diversity of jobs and other opportunities.

Continued funding for research, including the Specialty Crop Research Initiative, is critical to the future of the hops industry to control for pests and disease like powdery mildew. Research funds should also be used to focus on the development of a new public varieties breeding program at the university level. The hops industry is not without its challenges, regulations for herbicide and pesticide use should be standardized at the national level. Additionally, the labor issues the lack of a reliable work force remains a big concern as hops are a very labor intense crop and the labor pool is dwindling fast.

As the Michigan hop industry continues to expand, growers are looking at new market opportunities through trade expansion. It is critical that the next Farm Bill protect and strengthen the Market Access Program, which is key for specialty crop growers to access new international markets.

Supporting Michigan's new hop industry the emerging new and specialty agriculture industry has taken a team of specialized and focused professionals who constantly strive to understand the challenges of an inclusive vertical supply chain from field, to processing and storage. This has included growers from other states, equipment manufacturers from Germany, Michigan State University, and many local individuals throughout the state of Michigan.

Michigan State University Extension services are critical for support in every aspect of the science, planning, maintenance and management of this agriculture specialty commodity. Presently they are assisting me in understanding why some of my most valuable hops plants appear to be struggling in their growth from one year to the next. MSU scientists may be able to keep another grower from suffering a similar loss, and they have taken a keen interest in our industries future prosperity.

Also, as part of this team, it takes a special relationship and understanding with a financial partner. This is a capital intensive business and its specialization demands dollars. GreenStone Farm Credit Services was there for me to the full extent they were able at the outset, and remains an intricate part of my success as one of the first major hop farms. I did learn that my principal financial partner was only able to provide some of financing needs for my operation due to limitations of their lending charter. GreenStone helps many other hop farms large and small, and it would be helpful if they could be inclusive of the vertical chain from field, processing, storage and glass as this created real complications for me and my business.

The hops industry has grown 148% in the last ten years, and I look forward to being a part of the continued growth and development of the hops industry and the thousands of jobs that our industry supports in Michigan.

I have attached some related documents to this report for your consideration, along with some pictures of the product and the operation to help make the agriculture industry surrounding hops come to life.

Thank you for taking an interest in Michigan hops and I will be happy to answer any questions you might have regarding this report.