

## How does Dairy – MAX benefit:

- **Dairy Producers**

- **Reduced cost of investment.** Many of Pennsylvania's 8,500 dairy farms have aging dairy facilities, with many barns built in the 1950s still being used today. Modernizing these facilities can be expensive, with the average cost of each additional new stall approaching \$2-3000.00; the tax credit would offset costs and make it easier to modernize and eventually transition their dairy business to the next generation.
- **Improved profitability.** Because of improved cow comfort and other facility enhancements, modernized dairy farm businesses grow and are more profitable; every additional 10 pounds a cow produces each day can result in more than \$300 more profits each year. Collectively, Dairy-MAX is estimated to retain or increase the state's dairy herd by 24,000 – 31,000 cows and increase milk production by nearly 1 billion pounds, *resulting in an additional \$186 million annual on-farm income.*
- **Improved efficiency and access to better technology.** Cow comfort, animal handling, milking and feeding procedures, labor requirements, milk quality, and animal identification and tracking can all be greatly enhanced by modernizing a dairy facility. For example, University of Wisconsin research documents how switching from a traditional tie-stall barn to a more modern free-stall set-up can lower the feeding time for 80 cows from 5 hours a day to 1 ½ hours a day allowing dairy producers to increase efficiency and profitability.

- **Pennsylvania's Economy**

- **Significant economic returns.** The Dairy-MAX program is expected to generate an additional \$186 million in annual on-farm income, providing in excess of \$400 million in economic returns for the state's economy.
- **An increased job base.** Dairy-MAX is expected to add or retain an additional 24,000 – 31,000 cows in the commonwealth. Every nine cows generate one job. That means that the program has the potential to create or retain 2800 – 3400 jobs.
- **Investment in Pennsylvania.** The dairy industry is responsible for 42 percent of agriculture revenue in Pennsylvania, and agriculture is the state's largest industry. By providing the tax credit opportunity, Dairy-MAX would encourage dairy producers to invest significantly in the state's dairy industry and in Pennsylvania. For example, a similar program in Wisconsin which provided \$42 million in tax credits resulted in an industry investment of \$563 million in one year.

- **The Marketplace**

- **Access to a more stable milk supply.** With the dairy farm infrastructure aging in the state, Pennsylvania loses on average 300 dairy farms each year. As those farms exit the business, dairy processors lose milk supply for their plants. As plants lose milk supply, they are challenged to operate profitably. Subsequently, the region loses processing infrastructure. Dairy-MAX is estimated to increase Pennsylvania's milk supply by nearly 1 billion pounds, an 8-10-percent increase in milk supply for the Northeast's dairy processing infrastructure.
- **Dairy production located close to the market.** With transportation and energy costs at all-time highs, processors located in the Northeast have a unique advantage of market proximity. More than 40 percent of the nation's population is located within 400 miles of the state. Having a local milk supply enables processors to manufacture their products close to market instead of paying significant costs to have them shipped in from other dairy regions.

## How does Dairy-MAX (Dairy Modernization and Expansion) benefit the average tax-payer in Pennsylvania?

- **New jobs and stronger businesses.** Every nine cows in Pennsylvania add one job somewhere within the commonwealth. With an estimated 24,000 – 31,000 cows retained or added through the Dairy-MAX program, Pennsylvania would gain 2,800 – 3,400 jobs. Dairy farmers also spend on average 85 percent of their income locally, which helps build stronger businesses in Pennsylvania’s rural communities.
- **Access to locally-produced dairy products.** Consumers want fresh, locally-produced dairy products for their families. By supporting growth in the dairy industry, residents are ensuring that Pennsylvania will continue to have a local supply of fresh dairy products, whether they purchase them at a farm market or their local grocery store. The Dairy-MAX program would support any investment a dairy producer makes in his dairy facilities, including alternative niche marketing opportunities.
- **A cleaner environment.** Studies show more modern dairy farms result in higher producing cows and in turn have a smaller carbon footprint on the environment. Dairy farms in general help maintain the high quality of our air, soil and water. They help provide fresh air and open space for our rural communities.
- **More revenue for the economy.** The Dairy-MAX program would generate in excess of \$400 million in economic returns for the commonwealth, with much of that income going back to local businesses. About 50 percent of the state’s milk and dairy product supply is exported to markets outside the state, bringing back valuable income for Pennsylvania’s rural communities. In contrast, dairy farmers spend an average of 85 percent of their income within their local communities.