

Testimony Before Pennsylvania Senate State Government Committee

Bellefonte, PA

Good morning,

My name is Andy Bater, and I serve on Pennsylvania Farm Bureau's Board of Directors, representing Centre, Clinton, and Lycoming Counties. I extend my sincere gratitude to Senator Dush, Senator Cappelletti, and the esteemed members and staff of the State Government Committee for the opportunity to discuss proposed changes to farm and crop land pricing during government acquisition of such lands.

Today I'll provide a brief review of PennDOT's State College Area Connector Project<sup>1</sup>, colloquially known as the 322 Project, and then cover Pennsylvania Farm Bureau's perspectives on needed eminent domain reform.

Before I begin, I must clarify that although I will reference data from the United States Department of Agriculture, my testimony today does not reflect my official duties with the Pennsylvania branch of the USDA Farm Service Agency.

Brief Review of the "322 Project"

The PennDOT State College Area Connector project, an initiative by the Pennsylvania Department of Transportation (PennDOT) in collaboration with the Federal Highway Administration (FHWA), is focused on evaluating transportation improvements in southern Centre County, Pennsylvania. This potential highway project has been discussed for many years. Public interaction was initiated anew by PennDOT in late 2020 starting with a virtual meeting, and then with in person public meetings held in September 2021, April 2022, and October 2022.

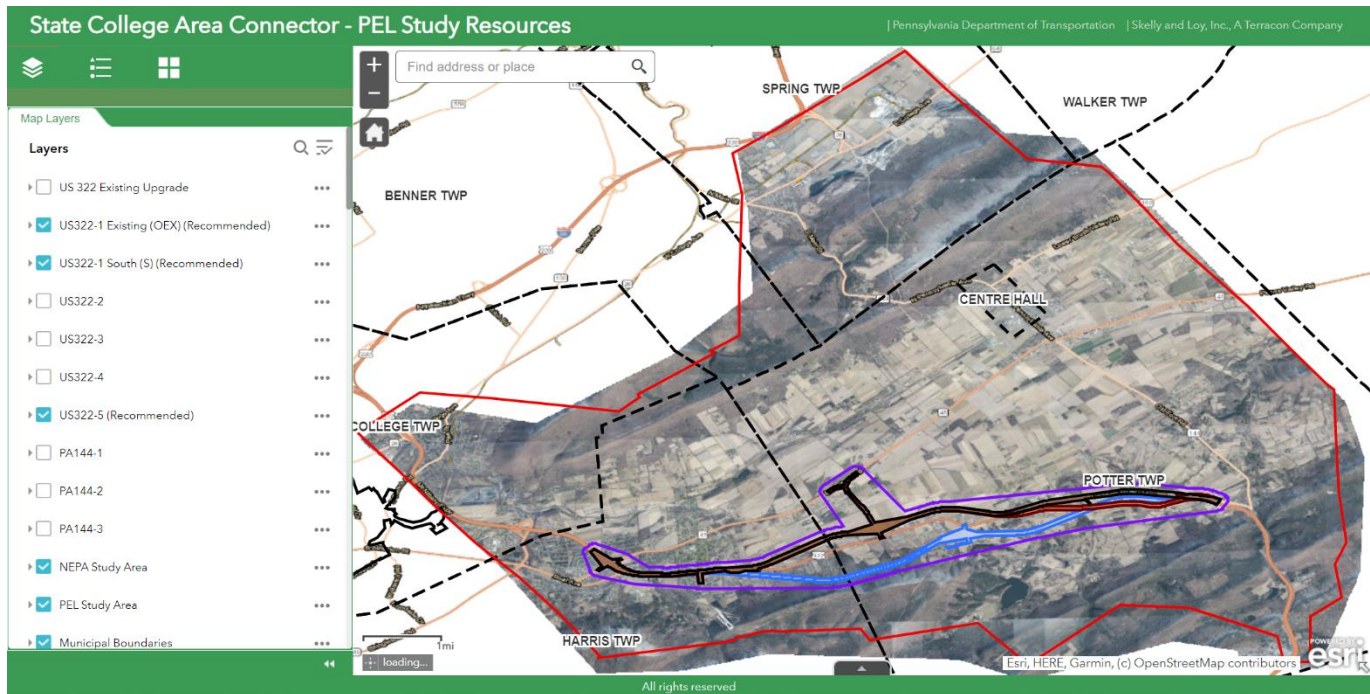
Most recently the project has been in Planning and Environmental Linkages (PEL) study. That study resulted in three Build Alternative corridors for further examination during National Environmental Policy Act (NEPA) review, illustrated below via the mapping program on PennDOT's website.<sup>2</sup> It's Pennsylvania Farm Bureau's understanding that one of these routings

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<sup>1</sup> [www.penndot.pa.gov/RegionalOffices/district-2/ConstructionsProjectsAndRoadwork/SCAC/Pages/default.aspx](http://www.penndot.pa.gov/RegionalOffices/district-2/ConstructionsProjectsAndRoadwork/SCAC/Pages/default.aspx)

<sup>2</sup> At the October 2022 public meeting Pennsylvania Farm Bureau addressed significant concerns of how these routes were chosen and followed up with written correspondence on March 19, 2023. PA Farm Bureau Comments-PENNDOT SCAC PEL (2023-03-19)

will ultimately be selected for further design work, land acquisition, and ultimate construction. PennDOT's valuation and purchase of farms that would be displaced to build this or other highways is the central reason for our following discussion.



*Proposed 322 Project Routes*

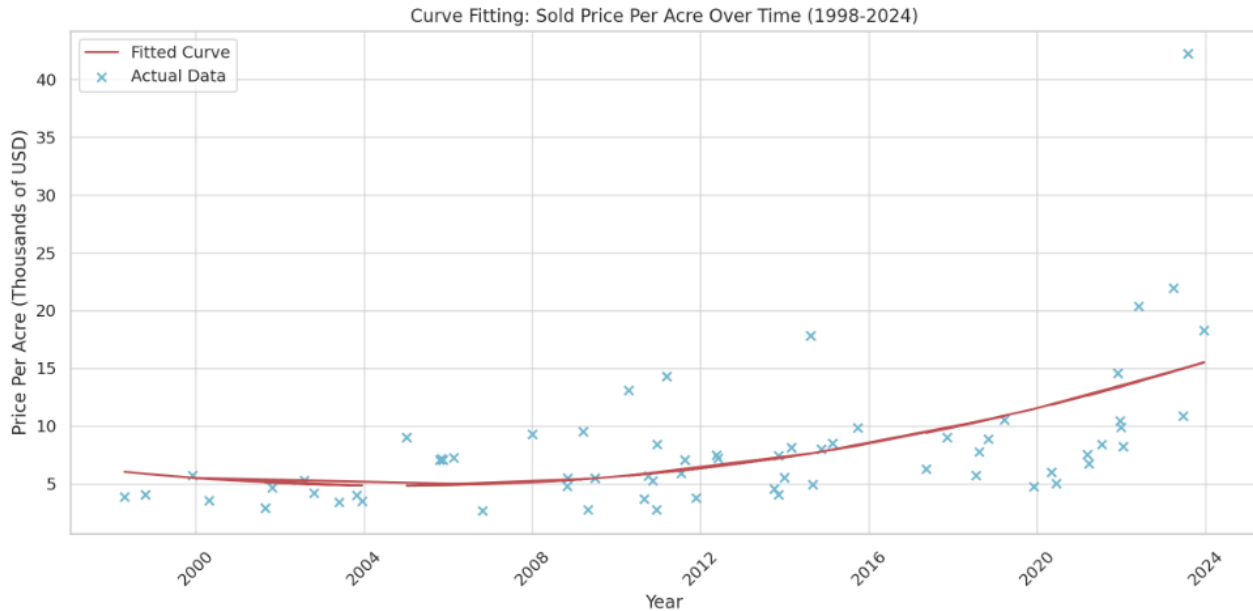
### Appropriately Valuing Farms and Crop Land

Farmers have historically been a cornerstone of American culture, epitomizing hard work. Remarkably, farmers now constitute less than 2% of our population, a significant decrease from over 50% when The Farmers High School, now known as Penn State, was established in 1855.

Institutions like Penn State have been instrumental in this transformation by demonstrating the benefits of mechanization, improved transportation and processing, advancements in crop hybridization and agronomy, and the evolution of livestock breeding and health programs. These innovations have contributed to a more efficient agricultural sector. However, what these institutions cannot impart is how to compensate for the irreversible loss of farmland to development, whether for housing, warehouses, solar panels, or, pertinent to our discussion today, highways.

Land is the paramount resource for a farmer. It is essential for planting, growing, and harvesting crops, pasturing animals, and recycling byproducts. High quality farmland also plays a crucial role in filtering rainwater and holding nutrients for crops.

The adage "Buy land, they're not making it anymore," attributed to Mark Twain, rings particularly true. In Centre County, prime crop land is scarce and increasingly costly. The graphic below produced from actual historic farm sales data in Centre County underscores this challenge of rising price over time.<sup>3</sup>



Centre County Farm Sales - Cost Per Acre

This trend is consistent with data from elsewhere in Pennsylvania and the United States. Crop land values have generally doubled in the past fifteen years. Pennsylvania ranks eighth among states for crop land valuation, with an average price of \$8,620 per acre.<sup>4</sup>

### A "Goodwill" Model For Valuing Farms

Due to its climatic and market advantages, California is the state with the highest land valuations. Most notably, California has also established statutory procedures that appropriately value farm and cropland, including compensation for the loss of "goodwill."<sup>5</sup>

Earlier, I discussed the value of agricultural research and education provided by institutions like Penn State. A farmer enhances the value of their land by utilizing it to its "highest and best use," a concept achieved through years of dedicated cultivation, care, and market development, often

<sup>3</sup> Source data provided by Jared Ernico - RE/MAX Centre Realty: CMA Land Comps, '98 – '24

<sup>4</sup> [https://www.nass.usda.gov/Publications/Highlights/2023/2023LandValuesCashRents\\_FINAL.pdf](https://www.nass.usda.gov/Publications/Highlights/2023/2023LandValuesCashRents_FINAL.pdf)

<sup>5</sup> <https://codes.findlaw.com/ca/code-of-civil-procedure/ccp-sect-1250-410/>

using techniques learned from educational institutions. This application of knowledge constitutes "intellectual property," akin to the "goodwill"<sup>6</sup> mentioned in California's statutes. Pennsylvania Farm Bureau proposes that the Commonwealth's statutes be modified to adopt a similar approach of including "goodwill" in the standard procedure for valuing farm and crop land.<sup>7</sup>

### Other Collateral Impacts When Farms Are Disrupted

In addition to the intellectual property or knowledge that a farmer needs to make "highest or best use" of his or her property, that farmer also needs the appropriate structures, fences, and equipment. Decreases in farm size or splitting of farms may force increased costs to replicate previous agricultural practices elsewhere, including the fundamental time and safety concern of moving farm equipment across public roads. Like any business, the net present value of lost future cash flow due to a disruption should also be factored in too. Pennsylvania Farm Bureau believes all these items should be valued when contemplating just compensation for any government taking of farm and crop land.

### Summary – The Need For "Enterprise Value" When Valuing Farms

In summary, Pennsylvania Farm Bureau recommends that an overall "enterprise value" including "goodwill" and other disruption benefits be automatic when contemplating any government taking of farm or crop land. This way, for those times when there is no other choice but to disrupt farms, farmers might at least stand a chance of replicating their operations elsewhere. Farm enterprises would be made whole, and farmers would be able to continue to feed Pennsylvania and the world.

Thank you for your attention and consideration of this most important matter.

Respectfully,

Andy Bater

Member, Pennsylvania Farm Bureau State Board of Directors

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<sup>6</sup> <https://thelawdictionary.org/goodwill/>

<sup>7</sup> <https://www.pacodeandbulletin.gov/Display/pacode?file=/secure/pacode/data/007/chapter138e/s138e.64.html&d=reduce>