

Written testimony of Jay Funke before the Senate Committee on Small Business and
Entrepreneurship

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Hearing on Ag Business and the Rural Economy

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Chair Ernst, Ranking Member Markey, distinguished members of the Small Business and Entrepreneurship committee, thank you for the opportunity to testify on current conditions of Ag Business, and the Rural Economy.

I grew up on a family farm, attended Loras College, came back and have spent 45 years in Ag business, 39 years in ownership of 2 different Ag businesses in Edgewood, Ia. Edgewood is a community in NE Iowa with a current population of 904 people. Our business community has been very active, and been able to roll with the changes, working together as a community, supporting local businesses, and a strong work ethic with continuity in ownership of businesses.

I have been a member in the Iowa-Nebraska Equipment Dealers Association since 1992, serving 10 years as a Board member, Chairman, and current position as Past Chairman. Like most members of Rural communities, I have served on many committees and spent over 30 years on Economic development in Edgewood. I have been around long enough to experience highs and lows in the Ag business and our rural economy.

As our farmers' income has dropped, and losses of around \$200/acre are common, the impacts can be felt in the small businesses supporting those farmers. Our association monitors our member dealers and reports large equipment sales are down 26.5% through October of 2025 vs. 2024. This decrease in sales causes other problems. We have larger inventories than needed for the current sales volume, causing higher interest costs, which can lead Dealers to dump inventory and take losses on equipment. Ultimately this creates losses on the Income Statement that will be reflected in the balance sheet, and as that happens, we stop buying vehicles or replacing tools, cut advertising, and the list goes on.

Rural small business owners all experience problems like these when the farmers they depend on start to hurt. We have always offered financing to our customers, and the need today is greater than ever, with increasing equipment costs making it harder for small farmers to afford equipment.

We do have a strong business community in Edgewood, but we have lost our Ford dealership, a restaurant, a realtor, and some other small businesses. It is important for Rural America to keep these services alive, otherwise we will only continue to lose population to our larger cities. I truly believe rural communities are vital to this country and are great place to raise a family, but if we are going to keep them and the small businesses in them alive, then they will need support from Congress and from the SBA. I want to thank congress for the steps taken to extend the tax incentives to small businesses in the “Big Beautiful tax bill”. Small businesses pour most of their earnings into growing and improving their business. We do not see a return until we sell or allow the next generation to take over.

I want to share some other thoughts, to improve Ag business and our Rural economy:

- 1) Encourage young entrepreneurs and give them access to the financing they need to get their businesses started or to take over businesses that their communities already rely on. We need them to keep rural America operating and be able to support our farmers.
- 2) Invest and/or support programs to improve and encourage businesses and people to stay in our rural communities, especially those under 10,000 people. In most cases a lot of the basic infrastructure is in place or can be improved easily if we just offered communities and small business owners the advice and support they need.
- 3) Although not in this committee’s jurisdiction, increased insurance support and stronger safety nets for our farmers would go a long way to helping the rural communities they are a part of.
- 4) Fair and reciprocal trade requested from those countries we are purchasing goods and services from. My brother and I also farm our family farm, and we sell our corn to all 3 grain elevators in the community as they do business with us. I think every farmer would rather have markets for their products than rely on government payments, but we must make sure those markets treat us fairly, and that our trading partners live up to the agreements they make with us.

1 percent of our population are Farmers; they produce food for the rest of this great country and the world and create thousands of jobs in their communities from all of the support businesses required in their quest to feed the world. I am proud to be a Farmer and an Ag Business supporting farmers.

These are some ideas that I hope can be considered. I greatly appreciate the opportunity to testify to this committee and look forward to any additional conversation.