

Statement of Opponency for the “Let It Grow Act” (HB: OSU-505)

By: Alexis Horton (ORU)

Lobbyist for the Oklahoma Intercollegiate Legislature (O.I.L.)

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Overview

Rep. Covey's bill, titled the "Let It Grow Act," aims to support fertilizer production expansion and provide tax returns to farmers growing legumes or cover crops. While the bill passed the House, it raises serious concerns about fiscal responsibility, environmental impact, and the fairness of its incentives. Though wrapped in the language of economic opportunity and agricultural support, the bill ultimately creates large, long-term tax giveaways with limited oversight and questionable returns for the majority of Oklahomans.

As a lobbyist, I urge the body to reconsider advancing OSU-505 in its current form. The intent may be admirable, but the consequences are far more complicated and potentially harmful than the author recognizes.

Major Concerns With the Bill

1. This is a long-term tax break with short-term accountability.

The bill establishes a 10% property tax credit for fertilizer production facilities for up to 10 years after becoming operational. This is a significant benefit with minimal measurable return required from the facility. Once operational, these companies can receive a decade of tax relief without any ongoing performance standards tied to:

- environmental impact
- community benefit

- job creation
- pricing fairness
- production goals

Essentially, the state gives away tax revenue for a decade and hopes the facilities produce enough benefit to justify it, but nothing in the bill holds them accountable.

2. It places heavy strain on rural and agricultural county budgets.

This bill is written as if property tax revenue is disposable. For many rural counties, property taxes are what fund:

- schools
- county hospitals
- roads
- emergency services
- fire departments

A 10% loss for 10 years per facility can devastate local budgets, especially in agricultural counties where fertilizer plants overwhelmingly locate. Local governments will be forced to either raise taxes elsewhere or cut essential services for farmers and families who see none of the facility's profits.

3. It encourages rapid expansion of fertilizer production without addressing environmental safeguards.

Fertilizer production is not a minor industrial activity it's energy-intensive, pollutive, and environmentally sensitive. Expanding fertilizer plants increases risks from:

- nitrogen runoff
- water contamination
- air quality issues
- hazardous material storage
- waste byproducts

But the bill mentions nothing about environmental review, emissions limits, or state oversight tied to receiving the tax credit. We cannot subsidize an industry without ensuring basic protections for Oklahoma's land and water.

4. The legume subsidy is poorly designed and invites misuse.

The bill allows farmers to claim \$100 per acre for legumes under two loose conditions, including if they're used as cover crops. While supporting regenerative agriculture is valuable, the structure of this subsidy opens the door to:

- Inflated acreage reporting
- Planting cover crops solely to claim subsidies, not for soil health
- Favoring one type of crop over others without a clear statewide justification

Cover crops are beneficial, but this bill subsidizes them without requiring metrics such as soil testing, conservation results, or duration requirements.

5. This bill creates winners and losers in the agricultural community.

Not all farmers grow legumes. Not all want or need to. Not all counties can benefit from the presence of fertilizer plants. But taxpayers statewide, not just fertilizer companies, bear the cost of these incentives. OSU-505 favors a very narrow subset of agricultural operations at the expense of everyone else.

Oklahoma should support agriculture, but it must do so in an equitable, transparent, and strategic manner, not by handing out tax credits to one industry and providing selective subsidies to one crop type.

Conclusion

The “Let It Grow Act” is not ready for implementation. It lacks safeguards, oversight, and fiscal balance. It shifts the financial burden to counties and taxpayers, encourages industrial expansion without environmental protections, and creates uneven advantages within the farming community.

While the House passed this bill, it is the responsibility of the Legislature to look beyond its surface-level appeal and recognize the long-term consequences. We should support agriculture but not at the cost of responsible governance, environmental health, and taxpayer fairness.

For these reasons, OSU-505 is not a bill I can support, and I urge members of the body to oppose its advancement in the Senate.