

September 1, 2010

To: The Council for tax reform and Fairness for Georgians

From: Andy Stone

Mr. Chairman and members of the council, my name is Andy Stone. I am the President of Superior Pine Products Company and Superior Berries Company. This family owned business was started in 1926 in Clinch and Echols Counties by the Knight, Lawrence and Williams families and continues in operation today managing timberland with our timber being sold to the manufacturing sector of the forest industry. We also are growers of 520 acres of blueberries that are marketed through a packing facility in Homerville.

Our companies are proud to be a part of the \$28 billion dollar forest industry in Georgia and the \$65 billion agriculture industry in Georgia. Our companies impact on the local employment is a combined 175 people either directly employed by the company or indirectly through the harvesters, contractors or others working on our property.

As both of our businesses compete in a global economy, it is critical that we strive to be low cost producers. We are able to attain the low production cost by being as mechanized as possible, manage to maximize production from the forest and farm and provide a quality product to our customers.

In the forest we utilize the latest intensive management techniques which include site preparation, chemical control of herbaceous and woody competition and fertilizer to supplement the lack of phosphorous and to increase the fertility of the soil. Our annual investment for these intensive management techniques exceeds \$1.7 million. The current tax exemption on the fertilizer, chemicals and equipment uses is important as we compete against other states, regions and countries that do not tax these inputs.

The harvest of the timber is done by independent contractors that utilize equipment that average \$225,000 per piece of equipment and most harvesting operations have 3 – 4 pieces of equipment. It has been very difficult for these independent contractors to survive over the last 3 – 4 years as they suffered through the highest on-road and off-road diesel prices, while their production income has been under pressure due to the recession's impact on amount of timber harvested due to declining lumber production. The current sales tax exemption on timber harvesting equipment helps these independent contractors survive.

At the farm operation, we are able to be competitive in this global market by using fertigation (liquid fertilizer through the irrigation system) to increase production, using chemicals to control competition

and finally being a mechanized farm that uses mechanical harvesters to lower our cost of production. All of these inputs and equipment currently have sales tax exemption.

I am here to ask that the current exemptions for forestry and farming receive a recommendation from your council to remain in place. Living and operating in two of the over 60 counties in Georgia that are very dependent on the agri-forestry economy, it is very important that we remain competitive in this global economy if we are going to survive.

Thank you for four time.