

Special Council on Tax Reform and Fairness for Georgians
Harvey Lemmon
Lemmon Cattle Enterprises, Owner
Public Meeting Comments
October 6, 2010 Columbus, Georgia

Thank you Chairman Frazier and Council members for your service to the state in tackling this large task. Thank you also for the opportunity to speak to you today.

My name is Harvey Lemmon and I operate a purebred registered Angus operation that I started in 1971. I'm in the business of growing a safe, affordable and healthy food for my family, my country, and the world.

I operate like any other business, only I have a larger amount of capital costs than most because of the land, equipment, and other inputs required in agriculture. I am very concerned about the possibility of this Council recommending that Sales Tax Exemptions I currently have on many of my inputs: fuel, feed, fertilizer, etc. be removed. When I was running my farm at peak cattle numbers a few years ago my average monthly expenses were \$100,000. Seventy-five percent of those expenses are currently tax exempt. It would have cost me over \$60,000 per year in sales taxes on my inputs, which was more than my net operating profit most years. In other words, losing those tax exemptions would have put me out of business and removed the \$1 million of economic activity I generated from my Meriwether County farm. The local feed, tractor, and farm supply store saw much of my operating costs go through their businesses. Agri-businesses like them make their living helping farmers and ranchers in rural Georgia, and if the current agriculture input exemptions are removed it would hurt their business as well.

My end product is beef, and all of the expenses on my farm go toward producing that product. Removing the tax exemptions on my inputs would be like asking KIA to pay taxes on the raw materials that go into making their cars. The main difference in me and KIA is that when I take my product (cattle) to market they are auctioned off and I accept the market price. Cattle are a commodity (dealt on the Chicago Mercantile Exchange) and like most agricultural products there is a narrow range of value assigned to the commodity. I cannot pass on the additional cost of increased taxes, or any other increased cost to the consumer in the commodity market. KIA can adjust their prices up, to whatever point their unique customer is willing to pay.

Agriculture is one of the few economic engines in the state that has continued running well despite the recession. It has been the lead engine pulling the state through this rough time. Georgia is a net exporter of agricultural products bringing dollars back into the state.

I am also concerned that changes in our tax policy that make it more difficult for farmers and ranchers could lead to more farms migrating over state lines. Where we sit this afternoon is just a few miles from the state line. If inputs are taxed here more heavily than they are in Alabama I believe that over time we will see that shift and it will not be good for our economy.

In looking over comments from other Fact Finding Sessions I see many speakers supporting Tax Credits and other incentives to attract business. Agriculture and Agribusiness accounts for approximately \$60 Billion dollars in economic activity in the state and I would hate to see this Council make any proposals that would harm this industry. Please don't recommend tax policy that will penalize one of the healthy sectors in our economy.

Thank you again for this opportunity to share my concerns.