

Comments of John Lowery, Floyd County Farmer  
to the  
Special Council on Tax Reform & Fairness for Georgians  
Fact Finding Session  
Forum Civic Center  
Rome, Georgia September 7, 2010

My name is John Lowery, and I am a Floyd County farmer. Our farming operation is located just north of Rome in the Armuchee Community. My wife and I manage a diversified row crop operation of 560 acres and 100 head of cattle. We are truly a family farm and we hope that our 4 year old son will develop the love of farming that his mother and I possess.

I started farming in 1993 on 190 acres to finance my way through college. I received my B.S. in Agricultural Economics from the University of Georgia in 1998. Through the years we have grown the operation to what it is today. I am President of the Floyd County Farm Bureau. Farm Bureau is a tradition in my family. My father has been active in the organization for over 50 years.

First, I want to thank you for holding this public hearing. It reflects well on this Council to be willing to hold public hearings across the state to consider the various points of view related to Georgia's tax structure. You have a big job ahead of you as you recommend changes and work to make our tax structure more accommodating.

Governments often offer tax incentives for new business to come into an area in hopes that the business will create additional jobs and expand the tax base. That is a good thing, but I urge the council to make it a high priority to consider how tax changes might negatively impact existing businesses as well.

Since the passage of House Bill 1405, there has been much speculation surrounding what recommendations this council might make, particularly as it pertains to sales tax exemptions. Sales taxes make up a considerable amount of the state's revenue stream so it is important that you consider it in your discussions. As you evaluate the various exemptions, please keep in mind that productivity is the key part of any economy, and it is important that Georgia not tax productive activity. Taxing production inputs would be a disincentive to production, whether it is manufacturing, farming, or any other enterprise.

The taxation of production inputs of farms in Georgia would squash growth in agriculture, and I believe many farmers would be forced out of business. That result would be felt statewide. I looked at the last four years and averaged input costs for my farm, then figured the taxes if those inputs were subject to sales tax. Those numbers are listed below.

<u>Item</u>	<u>Annual Cost</u>	<u>7% Sales Tax</u>
Seed/Chemicals	\$ 45,000	\$ 3,150
Equipment	\$ 30,000	\$ 2,100
Fertilizer	\$ 60,000	\$ 4,200
Feed	\$ 3,000	\$ 210
<b>TOTAL</b>	<b>\$138,000</b>	<b>\$ 9,660</b>

If the inputs on my farm are subjected to an additional sales tax, it will cost me \$9,660 in an average year. That number represents a cash expense for which there is no return. Clearly, that is a disincentive to production and counterproductive to what the tax code is trying to do – to boost production and thereby increase tax revenue.

While my family makes a direct living off this farm, many other people are affected by our production. Local businesses in the community would feel the effects of a decrease in agricultural productivity. This Council has a very difficult job ahead as it struggles to make recommendations for improving Georgia's tax code. As you consider all the options, I urge you to be especially careful that new taxes do not injure businesses that are already providing jobs for Georgians.

Thank you for your willingness to listen to my concerns.

Sincerely,

John Lowery  
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Rome, Georgia