

Comments to the Special Council on Tax Reform and Fairness for Georgians

Fact Finding Session, Oakwood Georgia

September 9, 2010

Mr. Chairman & Council Members:

My name is Mike Giles, and I serve as President of the Georgia Poultry Federation. The Federation is a trade association with represents poultry growers, companies and allied industries in Georgia, the nation's number one poultry producing state.

Poultry is the leading sector of agriculture and agribusiness in the state. According to the University of Georgia, poultry has an annual economic impact of \$18.4 billion, and the jobs of approximately 100,000 Georgians depend on the poultry industry either directly or indirectly.

We are thankful that you have chosen to have one of the Special Council's Fact Finding Sessions in Hall County, the Poultry Capital of the World. When some people think of poultry, they think of north Georgia, and while it is true that the majority of poultry in Georgia is produced in this part of the state, it is also true that poultry has a significant economic impact on rural communities throughout middle and south Georgia. In fact, 59 counties in Georgia have some type of commercial poultry facility – a hatchery, feed mill or processing plant – and 105 counties in Georgia produce over \$1 million in poultry at the farm level.

I might be biased, but in my opinion Georgia is the best place in the world to grow and process chickens. We have a world class system of support from our research universities at the

University of Georgia and the Georgia Tech Research Institute as well as an outstanding poultry laboratory network headquartered here in Oakwood.

Georgia poultry companies and growers pay state and local taxes, create jobs and support communities throughout the state. At the same time, they compete with producers and processors worldwide and in other poultry producing states in the nation. Many of Georgia's poultry companies operate in multiple states, and they regularly make decisions, large and small, about where to deploy resources, open or close facilities and where to retain or expand jobs.

The tax environment of the state is one of a number of factors that are considered when making these decisions. Georgia competes fairly well currently when these things are considered. We aren't at the top in state rankings, but we aren't at the bottom either. I think it is clear to those who have followed the work of the Special Council so far that that the Council understands that Georgia producers are in competition with those in other states, and the Council is making a serious effort to evaluate fully these competitive factors in advance of making its recommendations to the Legislature in 2011. For that, we are very thankful.

I would like to echo some of the comments that you have heard during the Fact Finding sessions in other cities and from some of the presenters who spoke yesterday at the meeting of the full Special Council. We believe that there is justification for limiting the taxation of business to business sales or business inputs that go into growing, processing or manufacturing goods. In the poultry industry these inputs could be energy used at the farm level or machinery and equipment used in processing, which are exempt, or energy used to process chickens which

is not exempt. The process of making things, whether it is on the farm or in processing and manufacturing plants, is vital to job creation and the development of wealth which fuels economic development. We encourage the Special Council to take these things into consideration when formulating its final recommendation to the Legislature.

I have a tremendous amount of optimism about the future of agriculture and agribusiness in the state of Georgia. Rather than an industry of the past, we think the production of food holds great promise for economic development and expansion over the next several decades. It is widely accepted that the world's food supply will have to double or triple by 2050, depending on how much the rest of the world develops during this time period. Only 3% of the earth's surface has the combination of land, water and sunlight to grow and process food, and this land is for the most part already in production. It is easy to overlook how rare it is to have the natural resources that we have in Georgia at our disposal. I believe that Georgia and the southeast will be at the forefront of feeding the world for decades to come, and this will present countless opportunities for Georgians from the farm to food processing and distribution and beyond.

The Special Council has a tough job ahead of it. We thank you for your service and for the open and transparent way in which you are operating, and for the opportunity to provide these comments.