

Comments of Mike Montgomery, Taylor County Farmer
to the
Special Council on Tax Reform & Fairness for Georgians
Fact Finding Session
Columbus State University, Elizabeth Bradley Turner Center
Columbus, Georgia October 6, 2010

My name is Mike Montgomery, and I am a lifelong family farmer from Taylor County, Georgia. I am 31 years old and live near Reynolds with my wife Jana, and our two year old son, Luke. We grow cotton, corn, soybeans, and wheat on about 500 acres.

I received a B.S. degree in Accounting from Georgia Southwestern University in Americus. I am a member of the Taylor County Farm Bureau, and I serve as a county board member of that organization.

Thank you for holding this public hearing to listen to the views of citizens. You traveled a long distance on your own time to give us this opportunity, and I am grateful for your commitment and dedication.

Studying and understanding Georgia's tax code is a difficult and time consuming project. Making recommendations for change is another tough job. Accomplishing both of these tasks by the end of the year is daunting. Everyone at this hearing recognizes the hard work that you have been charged to perform, and we don't envy you.

My purpose in being here today is to urge your consideration of the difficulties farmers would face if farm input costs are subjected to sales tax collections. Currently, I don't pay sales taxes for seed, fertilizer, chemicals, and equipment. Farming is a capital intensive, low margin business. If these exemptions were lost, I cannot say whether I would be able to remain in operation. I believe a great many farms in Georgia would close if input costs were taxed.

Last year, costs on my farm amounted to roughly the numbers below:

Crop Protection Chemicals	\$38,000
Fertilizer, Poultry Litter, Lime	25,000
Cotton Seed	23,000
Soybean Seed	11,000
Corn Seed	3,200
Equipment Costs	<u>10,000</u>
Total Exempt Costs	\$110,200

If those costs are subjected to a 7 percent sales tax, it would cost \$7,714 right off the top. More importantly, there would be no benefit to my farm to offset that expense. The result would be higher costs to me and my family, and those costs would recur year after year without end. Furthermore, farmers cannot increase the price of their products. Their only option is to absorb those costs or reduce operations.

Clearly, taxing inputs would be bad for the bottom line on my farm and on farms across the state. However, I believe there would be other effects that would be detrimental to the entire state of Georgia.

Commercial farms like mine help rural communities to thrive. The money I spend on seed, fertilizer, and other inputs is spent locally and creates jobs and opportunities for other citizens. When compounded statewide, the economic impact of agriculture is staggering, and a large part of that economic engine is dependent on farmers. Taxing farm input costs would harm Georgia's agriculture because I believe many farmers would cease operations.

Many of the things people like about Georgia are related to lifestyle. Our state has a good mix of forest and farm land; rural, suburban, and urban. Georgia offers a quality of life that people enjoy. A substantial part of that quality of life is provided by farmers. People like to see pastures and cropland, and much of the responsibility for feeding Georgia's abundant wildlife is borne by farmers like me.

Again, thank you for coming to Columbus to hear our concerns, and I appreciate your willingness to listen to my comments.

Sincerely,

Mike Montgomery
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