

Comments of T.E. Moye, Jr., Baker County Farmer  
to the  
Special Council on Tax Reform & Fairness for Georgians  
Fact Finding Session  
Darton College  
Albany, Georgia October 7, 2010

My name is T.E. Moye, Jr., and I am a farmer from Baker County, Georgia. I have a diversified farming operation incorporated as Notchauway Land & Cattle, LLC. We farm about 2000 acres of row crops consisting of 650 acres of peanuts, 500 acres of corn, 350 acres of cotton, and 150 acres of small grain. We also have a 250 cow-calf operation and 350 acres of improved pasture and Bermuda hay.

I grew up on a farm, as did my wife, Evera. I began farming in partnership with my father in 1970, after graduating from the University of Georgia with a B.S. in Agricultural Economics. My wife works full time off the farm, but she assists with the bookkeeping as well as irrigation work at night and on weekends. We have three full-time and two part-time employees.

I am a longtime member of Baker County Farm Bureau, and I'm currently president of that organization. I also serve as Chairman of the Baker County Commission. These comments are submitted on my own behalf as a farmer and citizen.

Welcome to Southwest Georgia. Most of you have come a long way on your own time to hear the concerns of people like me. I believe this meeting is the ninth fact finding session you have held, and I am grateful for your dedication and commitment. The citizens of this state are the beneficiaries of your service and we appreciate it.

I have been in agriculture all my life and it is very important to my family. It is also important to Baker County. Food & fiber production makes up more than half of the total economic output for our county, and that is true for many of the surrounding counties. As agriculture goes, so goes Southwest Georgia, and that has ramifications for the entire region.

When House Bill 1405 passed, it really attracted our attention. That attention became genuine concern when discussion in some quarters turned to expanding the sales tax base by considering the repeal of exemptions. This Council is charged with looking at the facts, and prudence requires that you evaluate all options. However, there are ramifications to every action taken regarding taxes.

It is heartening to see in your "Guiding Principles" that one of your goals is "*the retention and expansion of businesses that are currently operating here.*" Farming is one of those businesses to be retained and expanded. One of the best ways to accomplish that is not to charge sales tax on farm inputs. Input costs for feed, seed, fertilizer, chemicals, equipment, etc. are used to produce a product that will eventually be taxed at the retail level, and most people recognize the importance of not duplicating taxes on the same product.

Another of the Council's goals is to "*minimize distortions of both household economic choices and of capital and labor allocations by business.*" Farmers have no opportunity to pass on their costs. A farmer's response to a sales tax increase is to absorb it and reallocate resources to cover the additional cost. The only way for a farmer to reduce the tax would be to reduce purchases of the taxable inputs. Both choices would distort allocations by the business.

My farm is fairly typical of farms throughout this region of the state, and if farm inputs were made subject to sales tax collection, the impact on my operation would be detrimental and significant.

Farm expenses on my farm that are currently sales tax exempt amount to approximately \$1.3 million per year. In the last few years, our profit margin has shrunk to about 6 percent. The number used to hover around 10-15%, but increasing costs of inputs has reduced it. We have increased the size of our operation in an effort to cover the overhead costs, but one thing is very clear: a 7 percent sales tax would make farming totally unprofitable for me. There is no way we can absorb an additional annual tax bill of \$91,000.

I cannot say for sure what I would do, but I believe many farms would be in jeopardy if sales tax were charged on farm inputs. The negative effects of increased sales taxes would be multiplied many times over.

The loss of farms, or even a substantial reduction of farm purchasing power, would reverberate through the economy. Local implement dealers, feed mills, fertilizer and chemical suppliers, commodity buying stations, and processors would all feel the impact. In our part of the state, the impact would extend to appliance, grocery, and hardware stores. There would likely be an increase in the call for government services to assist people in need.

Agriculture is the main driver in the economy of Southwest Georgia. Farming is a highly efficient competitive business, but it operates on a tight margin. Seven percent is enough to cause great disruptions. Please consider these facts when making your recommendations to the Lieutenant Governor and Speaker.

Thank you for the opportunity to express my views, and thank you for your service to the people of Georgia.

Sincerely,

T. E. Moye, Jr.  
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