

Comments of Tim McMillan, Berrien County Farmer  
to the  
Special Council on Tax Reform & Fairness for Georgians  
Fact Finding Session  
Wiregrass Georgia Technical College - Brooks Hall Conference Center,  
Valdosta, Georgia  
Wednesday, September 1, 2010

Good afternoon. My name is Tim McMillan, and I am a seventh generation Georgia farmer. My ancestors settled in what is now Berrien County, Georgia in 1826. My family has weathered the "War Between the States," two world wars, numerous other wars and conflicts, the Great Depression, weather disasters, the boll weevil, grain embargoes, government regulations, and all the other perils that come with farming. The family has been able to keep the farm and make a living from the land, at times because of the government, and at times, in spite of the government.

I am a 1982 graduate from the University of Georgia with a B.S. in agronomy. I returned to the family farm in 1983 and started farming with my brother when my father retired. We later incorporated and named our farm "Southern Grace Farms." We grow 260 acres of cotton, 150 acres of peanuts, 65 acres of blackberries, 60 acres of corn, and 15 acres of strawberries. We also have 60 head of commercial beef cattle.

Although incorporated for legal reasons, we are a typical family farm in every sense of the word. Labor and management are provided by our family. I serve on the boards of various farm commodity groups, and I am an active member of the Berrien County Farm Bureau, serving as board member and secretary.

Thank you for holding this public hearing. It is probably a good idea to review Georgia's Tax Code periodically. You have a big task before you. As Chairman of the Berrien County Board of Education, I recognize the need to raise revenue to carry out the functions of government. Taxes are a necessary evil, but we must work to develop a tax code that is fair and that will not have negative unintended consequences.

My concern is that if farm input costs are subjected to sales taxes, there could be devastating results throughout rural Georgia. Agriculture is the number one industry in our area. It is the engine that drives our local economy. It serves as the tax base to operate our local governments. Anything that harms agriculture can also harm our local towns, schools, and communities. If farm inputs are subjected to sales tax, it will be detrimental to agriculture.

An increase in sales taxes would be bad for our farm. I looked at the last five years and averaged the input costs, then figured the additional sales taxes if those inputs were subject to sales tax. Those numbers are listed below.

Input	Avg. Yearly Cost	7% sales tax
Pest management	\$93,000.00	\$6510.00
Fertilizers	\$68,000.00	\$4760.00
Irrigation (fuel & electricity)	\$38,000.00	\$2660.00
Plants & Seed	\$36,000.00	\$2520.00
Equipment	\$94,000.00	\$6580.00
<b>Total</b>	<b>\$329,000.00</b>	<b>\$23,030.00</b>

On average, our farm has average input costs of \$329,000 which are currently not subject to sales taxes. If sales taxes were charged, it would cost \$23,000 per year! Our profit margin cannot withstand such an increase in taxes.

This number represents a dead expense that will not generate income, create jobs, nor contribute to the local economy. This tax will result in neither increased efficiency nor a multiplier factor on the money. Not only will farms like ours be put at risk, but also all the businesses from which we buy our inputs.

Inputs that are used to create a product should not be taxed. When businesses create a product in this state, it contributes to our wealth as a state. Part of the problem with our economy today is that we don't create or build things like we used to. Taxing these inputs only erodes our economy more by destroying those businesses that create tangible products. Please consider how tax changes might negatively affect existing businesses.

Thank you for the opportunity to express my concerns about charging sales taxes on farm inputs.

Sincerely,

Tim McMillan  
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