



Connecticut Farm Bureau Association, Inc.

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Testimony in regards to:

RE: Raised Bill 6350 AN ACT ELIMINATING EXEMPTIONS FROM THE SALES AND USE TAX AND LOWERING THE RATE OF SUCH TAX.

Submitted by: Don Tuller, President, Connecticut Farm Bureau Association

The following testimony is submitted on behalf of the Connecticut Farm Bureau, a statewide nonprofit membership organization of 5,000 families dedicated to farmers and the future of Connecticut agriculture.

Connecticut Farm Bureau opposes RB 6350, AA Eliminating Exemptions from the Sales and Use Tax and Lowering the Rate of Such Tax.

Senator Daily, Representative Staples, and Members of the Finance, Revenue and Bonding Committee:

My name is Don Tuller from Tulmeadow Farm in West Simsbury. I am the President of Connecticut Farm Bureau and I am here today on behalf the thousands of our farmer members to urge you to defeat Raised Bill 6350. Simply said, Connecticut agriculture will be financially devastated if this bill were to be adopted.

Connecticut agricultural production directly contributes hundreds of millions of dollars and thousands of jobs to the Connecticut Economy annually. When you figure in the multipliers, agriculture represents billions to the state's economy. A recent economic study on the Connecticut Dairy Industry that was commissioned and completed for the CT Department of Economic and Community Development calculated that, with multipliers, the dairy industry alone contributes over a billion dollars annually to the Connecticut Economy and represents over 4,000 jobs.

Long standing tax policy recognized that Connecticut farmers operate with low profit margins. Exempting farmers from the sales tax on production inputs such as feed, fertilizer, seed, greenhouse supplies, plant materials, farm building supplies and equipment, and the exemption from the "Road Tax" on fuel used in off road farm vehicles, is absolutely necessary to maintain a vibrant agricultural sector. These exemptions allow Connecticut farmers to stay in business and compete with farmers in other states, regions or countries that have lower costs of production. The existing tax policy serves the best interests of all the residents of Connecticut. This bill would undo that and the result would be very damaging to the state's economy. The Connecticut dairy industry operates under a federal milk pricing system that doesn't take into account the higher costs of producing milk in the Northeast. They cannot pass on the increased costs of their

operations that this bill would cause. Frankly, they are practically already on life support now. Even small direct farm marketers would have more trouble competing with local supermarkets that would import food from other areas that are not taxed as much instead of buying from local wholesale producers. Large, medium and small farm businesses will all be negatively affected by this legislation. For many, this will be insurmountable.

The effect of the passage of this bill would be the loss of a substantial number of Connecticut farms, either to other states, or they will just out go of business. How many of you remember the Franklin Mushroom Farm? Higher electric rates and transportation costs were enough to force them to relocate to a lower cost area. We need to be thinking about ways to encourage the growth of Connecticut Agriculture, not discourage it. Many farmers are treading water now and some of us are struggling a bit. Defeating this bill would be like tossing a floatation device to us, passing it with the language that eliminates our sales and motor fuel tax exemptions would be like throwing us an anchor.

Please oppose RB 6350, An Act Eliminating Exemptions from the Sales and Use Tax and Lowering the Rate ff Such Tax.