

**The Finance, Revenue and Bonding Committee
Public Hearing on Monday, February 9, 2009
H. B. No. 6350 (RAISED) AN ACT ELIMINATING EXEMPTIONS FROM THE SALES AND USE TAX
AND LOWERING THE RATE OF SUCH TAX**

Written Testimony Submitted By:
Peter Orr
Fort Hill Farms, LLC, Very Alive, and CFBA Dairy Committee

**PLEASE OPPOSE H. B. No. 6350 (RAISED) AN ACT ELIMINATING EXEMPTIONS FROM THE
SALES AND USE TAX AND LOWERING THE RATE OF SUCH TAX -- AS IT RELATES
TO FARMERS AND AGRICULTURE.**

Simply stated, the economics of farming in our state cannot continue if the sales tax exemptions and fuel tax exemptions are removed from agriculture. In the case of milk production, the price a farmer receives is set by the USDA and is often below the cost of production in CT. Since the farmers are at the low point of the food chain, this tax cannot be passed on (only to the cows). If you remove the tax exemptions from agriculture you will help put many farmers out of business and help allow their open space to be available for development. The cheapest way to keep the land open is economic viability through active farming enterprises. This economic viability includes lowering the burden through current tax exemptions.

A recent study documents the economic and open space contributions that the CT Dairy Farms make in the state. *"The Economic and Fiscal Impacts of Connecticut's Dairy Industry"* - (371 KB, 32 pg, .pdf) Joint Report (Department of Economic Development, Department of Agriculture in cooperation with the University of Connecticut Department of Agricultural and Resource Economics) to the Environment and Energy and Technology Committees, January 2009. This study was requested by the 2008 Legislature by the passage of SB 632. 'Using three economic models of the Connecticut economy, the economic impact of the Connecticut dairy industry (including processing) is estimated to be between \$832 million to \$1.1 billion in new output (sales), that in turn generates an estimated 2,465-4,242 jobs and \$145- \$208 million in additional personal income. Dairy farming is the second most valuable component of Connecticut's agricultural sector. Using approximately 72,000 acres of land the dairy industry provides benefits to the character of the state and the well-being of our citizens. For Connecticut, the study estimates these benefits at \$55 million in 2007. This represented \$762 in benefits per acre per year in dairy farmland, which is conservative relative to the findings of previous studies. It is important to note that the dairy industry is not just farms and open space, it is transportation, heavy machinery, jobs in food production, manufacturing, construction and sales.'

By removing the tax exemptions for Farming, you render the Farms in the State of Connecticut at a competitive disadvantage to other states. In fact, neighboring states such as Maine and Massachusetts have long term dairy sustainability programs in place to stimulate their Dairy Farms when the cost of production exceeds the price a Farmer receives for his or her product. These states also have tax exemptions for their Farmers to operate.

Farmers are the original green collar workers in Connecticut and their significant current contributions to the state's economy and environment needs to be continued, stimulated and nurtured. Please DO NOT eliminate the sales tax exemptions and fuel tax exemptions for farmers and agriculture.

**PLEASE OPPOSE H. B. No. 6350 (RAISED) AN ACT ELIMINATING EXEMPTIONS FROM THE
SALES AND USE TAX AND LOWERING THE RATE OF SUCH TAX -- AS IT RELATES
TO FARMERS AND AGRICULTURE.**

Peter Orr
Fort Hill Farms
Thompson CT 06277
FARMSLLCF@AOL.COM