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Mr. Chairman, Members of the Committee,

My name is Sam Routson. I am Chief Administrative Officer and Counsel for Winnemucca Farms, Inc. (W.F.I.). W.F.I. is Nevada's largest agricultural and food processing operation; in fact, it would probably be listed as one of the largest two dozen wholly integrated agricultural enterprises in the U.S.

W.F.I. entails a 20,000-acre farm, along with fresh potato and potato processing facilities. Our premium potatoes and potato products are shipped worldwide.

With a progressive package of company provided employee health and retirement benefits, W.F.I. employs close to 200 individuals year round. Our work force ranges from Ph.D.'s to those providing basic labor. Even in the face of years of a depressed agricultural sector, W.F.I. has been a major force in the economic viability of rural Nevada and Humboldt County specifically. While mining has suffered downturns and major layoffs, we have been a steady factor in maintaining economic stability in northwestern Nevada for the past 30 years.

I am here today to express our concern over and opposition to those provisions of S.B. 293 that would change or do away with sales tax exemptions currently found in state law regarding agriculture and agricultural production.

A repeal of agricultural related sales tax exemptions is, in essence, a direct tax increase on Nevada's ranchers and farmers. Aside from the issue of taxing basic resource production as being unwise tax policy, W.F.I. would submit the following points in the instant case:

- Farming and ranching have been depressed nationally for well over a decade;**
- Nevada's farms and ranches must compete in, not only a national, but in a worldwide market;**
- Nevada's farmers and ranchers must compete directly against those of surrounding states that have a broader and more liberal**

array of exemptions and supports relating to agriculture than does Nevada;

- **Agriculture by its nature is a low margin/high cost enterprise;**
- **All inputs – everything from equipment, fuel, fertilizer, seed, energy, and more - required to produce food and fiber for America and the world have substantially increased in cost each year;**
- **Farmers and ranchers cannot recoup such increases in a subsequent increase in the price of their goods. The market does not and will not allow a pass-through of such costs;**
- **Likewise, a tax increase on farmers and ranchers, which is what a repeal of sales tax exemptions would be, cannot be recouped or passed on as such would be in other businesses.**

As an example, the impact of a repeal of the sales tax exemption dealing with agricultural fertilizer would be devastating on agricultural producers. To W.F.I., it would add hundreds of thousands of dollars each year in unrecoupable production costs.

As a business, we have to look to the bottom line. In this instance, the bottom line is that a repeal of sales tax exemptions relating to agriculture will make Nevada agriculture less competitive in a high cost/low profit market. Those Nevada farms and ranches able to remain in business will only be able to do so by scaling back business activities, laying off employees, and cutting or eliminating employee health/benefit packages.

All of this will only additionally depress Nevada's rural areas and decrease economic diversity in the State as a whole.

It is our hope that this legislature will not take any action that will further weaken and jeopardize the viability of Nevada's farming and ranching communities.

I thank the Committee for its time.