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374.285

Re: S.B. 293

I am Dan Hetrick, an Orovada Farmer.

I am here to express my opposition to S.B. 293. The portion of this bill, which deals with the exemption from sales taxes for fertilizer, is my main focus. This proposed change would have a significant cost to our operation.

The Far West Agribusiness Association reports that other states do not charge sales taxes on farm inputs like commercial agricultural fertilizer, and agro-chemicals. Nevada already charges a sales tax for agro-chemicals and places our producers at a major disadvantage in competing, profitably with producers from other states.

If Nevada were to also begin to tax fertilizer, it would put Nevada growers at an even greater competitive disadvantage.

If we were working with higher profit margins, additional costs would be less of an issue. The prices received for our commodities are significantly lower than they were a few years ago, yet costs are higher.

Along with the costs side of the ledger, involving our having to pay sales taxes on needed production inputs; we have to wonder whether the language of this bill would also require us to charge a sales tax for the products we sell. This requirement would also have disastrous effects on our ability to market our products to others.

A one-size fits all approach of doing away with exemptions does not fit a workable policy model. There are exemptions from state sales and use taxes, which are appropriate, such as those involving agricultural inputs. We encourage you to maintain those exemptions that should be continued, including the current exemptions spelled out in NRS 374.285.

Agricultural producers are being asked to do more with less. We are being squeezed tighter and tighter, and wonder how much more we can take.

Mint, potato, and seed production farms like ours have substantially higher input costs than typical hay operations do, including labor. These dollars circulate around our rural communities; taxes like these hurt not only agricultural producers, but also the whole community.

I am of the opinion that sales tax should be on the end product, not on the input where there is no ability to recover the additional expense. Reinstating sales tax on retail food sales is more equitable because it is broad based. Restaurant food is already taxed, and I do not know of any one who has a problem with that.

EXHIBIT K Committee on Taxation

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