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NYS Budget
Animal Feed Tonnage Tax Increase
Position: Opposed

The mission of the Northeast Ag and Feed Alliance is to foster the growth and prosperity of the animal agriculture and companion animal industries throughout the Northeast. The proposed doubling of the New York State tonnage tax on feed ingredients or commercial feed distributed in New York, along with the elimination of the small feed mill exemption, is directly contrary to our mission. The Northeast Ag and Feed Alliance a 280 member organization of feed manufacturers, dealers and suppliers, respectfully requests that this tax increase be stricken from the FY 2009-2010 State Budget.

For many years, New York has imposed a tonnage tax of 5 cents per ton of feed ingredient or feed distributed. Small feed mills distribution less than 100 tons of feed per year have been exempt. Unlike neighboring states such as Pennsylvania and Vermont that require no such tax, New York State has already placed New York feed manufacturers and farmers in a less competitive position. However, to make matters worse, the tax is about to double at a time when the dairy farm/feed community can least afford it. Farm milk prices are headed into the cellar fast and the losses will be severe and wide spread. Our industry cannot afford another tax,

Feed manufacturers are faced with substantial challenges in doing business in New York. Even though there may be an attempt to pass this tax along the “food chain” to farmers, the competitive forces in play within the multistate feed manufacturing community will limit this impact to a certain degree. Therefore feed manufacturers will add this tax onto their backs and attempt to remain competitive within the greater regional industry. For some of our larger feed manufacturing companies this tax increase will double their current tax liability by \$12,000 to over \$20,000 per year.

The total revenue from this tax increase is estimated at \$146,350 per year. The impact upon the New York State fiscal deficit would be miniscule in comparison to the individual impact on dairy farmers and feed manufacturers. This tax is a bad idea whose timing could not be worse.

Sincerely,

Rick Zimmerman
Executive Director