

Testimony for the Senate Finance Committee

Presented by Daniel Heller

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Good Morning. My name is Dan Heller and I operate Flintrock Farms in Lititz, Pennsylvania. First let me take the opportunity to thank Chairman Browne and all of the members of the Senate Finance Committee for coming to Lancaster County this morning to listen to our thoughts about Senate Bill 1360. An additional thank you to Senator Mike Brubaker, the prime sponsor of Senate Bill 1360, for listening to the concerns of Pennsylvania farmers and agribusinesses.

Flintrock Farms is a Family Farm Corporation that specializes in the production of broilers, chickens that are utilized for meat.

Each year Flintrock Farms raises nearly 2 million broilers that are

processed at Tyson Foods in New Holland, Pennsylvania. We also raise hay that is utilized in our horse stable and farm.

Pennsylvania ranks 9th in total broiler production and is one of the largest producers in the Northeast along with Delaware, Maryland, New York, Ohio and Virginia. Pennsylvania based food processing companies such as Tyson, Bell & Evans, BC Natural and Hain Pure Protein contract with Pennsylvania farmers, like myself, to produce the birds they then process in plants located in the Commonwealth. The finished product then goes to consumers throughout Pennsylvania and the United States. The more product demanded by the consumer, the more chickens I must produce in an increasingly competitive market.

Raising broilers is a very competitive and fixed margin farming enterprise. The costs for feed, energy, transportation and labor are the primary expenses in the production of broilers. There is considerable uniformity in the prices paid to farmers by the

handful of processors, I previously mentioned, in the Northeast.

Therefore controlling any fixed cost is very important in order to remain competitive in farming.

Currently if I were to build the broiler houses I have today in Delaware, New York or Ohio I would not have to pay sales tax on the materials. If I would build them in Virginia I would be subject to some sales tax but at a lower rate than I would be paying today in Pennsylvania. It is difficult for me to remain competitive when there is a difference in the fixed cost I must pay before the first bird even enters my poultry houses.

Today it costs approximately \$205,000 to build a modern and efficient broiler house. At Flintrock Farms we have eight houses for a total investment of \$1,640,000. Calculations presented earlier indicate that the sales tax burden is approximately 2.4% of the building cost. This results in an additional \$38,400 tax burden I have, however a broiler producer only 40 miles away in Delaware

does not have. This clearly puts me and Pennsylvania's poultry industry at a competitive disadvantage. With the passage of Senate Bill 1360, I would be able to put that \$40,000 toward other aspects of my family's farm, helping us continue the great tradition of agriculture in the Commonwealth.

I appreciate the opportunity to share these brief thoughts today on the reasons why Senate Bill 1360 is important to Pennsylvania farm families. I look forward to working with this Committee to help ensure the competitiveness of Pennsylvania's agriculture industry remains a priority. I would be glad to answer any questions you may have. Thank you