



## COLORADO CATTLEMEN'S ASSOCIATION

*"Representing the interests of Colorado's cattle industry since 1867"*

### *Testimony* before the **Colorado Fiscal Stability Committee**

**Kenny Rogers, Past President  
Colorado Cattlemen's Association**

#### **Introduction**

My name is Kenny Rogers. I am a beef cattle producer from Yuma, Colorado and current board member and past president of the Colorado Cattlemen's Association. Thank you for the opportunity to address this committee on the very timely and important topic of Colorado's statewide and beef industry economy.

#### **Beef Industry Demographics**

There are 2.75 million head of cattle in Colorado, which ranks 10th in overall cattle numbers nationwide. Nearly one-third of Colorado's counties are classified as either economically dependent on the cattle industry or having the cattle industry serve an important role in their economies. Cash receipts from the sale of cattle and calves at \$2.83 billion represent the largest segment, by far, in Colorado's agriculture industry which is the 2<sup>nd</sup> largest industry statewide. Cattle production and related business activity generate more than 1.5 million jobs in the U.S. There are 32.2 million acres of farms and ranches in Colorado. One out of every five jobs in Colorado is created by agriculture.

#### **Points of Testimony**

1. Fees – The agriculture industry already “cash” funds the vast majority of direct and indirect services that we receive from the Colorado Department of Agriculture and Colorado Department of Public Health and Environment. Furthermore, agriculture producers have witnessed increased cuts, greater than other agencies, to the Department of Agriculture via legislative action last session and the requested 10% cuts across agencies by the administration. An example of agriculture's fiscal responsibility is the Brand Board. The board is completely cash funded, and has been since its inception. Their budget is set for a five-year period and they operate within its parameters – no exceptions.
2. The beef industry operates under very low margins and is fiercely competitive. We are also commodity-market based. If input costs are higher in Colorado than Kansas, Colorado producers don't get paid more for their cattle. They get paid the same. In short, business and money goes to where it is treated the best. Colorado is already an expensive state to conduct business in. Our organization is very concerned that if the

state's fiscal situation worsens for beef producers, they will continue to find other states to move their businesses to. The CCA already has too many members who have sold their land and moved to other states in order to make a living.

- The tax exemptions that Colorado agriculture producers enjoy are almost unilaterally present in all other states. These critical exemptions are in place due to being inputs into a final product – food. A closer look at these exemptions amplifies the impact removing them would have on Colorado agriculture producers, and ultimately, the state's consumers.

<b>Affect of Removing Agriculture Tax Exemptions</b>			
	<b>Annual Budget WITH Tax Exemptions</b>	<b>Annual Budget WITHOUT Tax Exemptions</b>	<b>State Tax Levied if Exemptions are Removed</b>
Number Cows	150	150	2.9% Sales Tax
Value of of Calves Sold (120Hd)	\$70,560	\$68,443	
<b>Expenditures</b>			
1 Bull	\$2,000	\$2,060	2.9% Sales Tax
Feed	\$20,000	\$20,600	2.9% Sales Tax
Land Taxes	\$1,575	\$1,575	
50 Straws of Semen for Heifers	\$1,250	\$1,288	2.9% Sales Tax
Machinery and Repairs	\$3,037	\$3,128	2.9% Sales Tax
Fuel (60% on road 40% Tax Free)	\$4,000	\$4,109	\$.205on Diesel; \$.22 on Gas
Pasture Rent	\$2,055	\$2,055	
Marketing	\$2,116	\$2,116	
Animal Health	\$1,500	\$1,545	2.9% Sales Tax
Interest	\$3,000	\$3,000	
<b>Total Cash Operating Expenses</b>	<b>\$40,533</b>	<b>\$41,476</b>	
<b>Net Cash Profits</b>	<b>\$30,027</b>	<b>\$26,967</b>	<b>10% tax increase for Ag</b>

- In financial situations like this, agriculture's fiscal conservatism works against them. There isn't anything left to cut yet the industry and its representative agencies are asked to do so anyway. As unpalatable as that is, the industry continues to make an effort hoping that the state will take on the hard decisions of finding an answer to the problems that continue to plague the state. This committee's focus and decisions shouldn't be about today, but about planning for tomorrow.