



P.O. Box 210
Sacramento, PA 17968
(570) 682 – 3709
jballay@masserspuds.com
www.StermanMasser.com

TESTIMONY TO THE SUBCOMMITTEE ON ECONOMIC GROWTH, TAX AND CAPITAL ACCESS

AMERICAN INGENUITY: PROMOTING INNOVATION THROUGH THE TAX CODE

JULIE E. MASSER BALLAY

VICE-PRESIDENT AND CFO STERMAN MASSER, INC.

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Good morning, Chairman Meuser and distinguished members of the subcommittee on Economic Growth, Tax, and Capital Access. Thank you for the opportunity to give testimony today. My name is Julie Masser Ballay and I am CFO and Vice President of Sterman Masser, Inc.

I am here on behalf of our family of companies, Sterman Masser, Inc., Masser Logistic Services, Keystone Potato Products, and Lykens Valley Grain. Our corporate headquarter is located in Sacramento, PA, in Schuylkill County, with land and facilities also located in Dauphin and Northumberland counties.

BACKGROUND

For more than 50 years, Sterman Masser Inc. has been a grower, packer, and shipper of potatoes. We are a family business, started by my grandfather, Sterman Masser, in 1970, and now owned by my parents, Keith and Helen Masser, my brother, David Masser, and me. Dave and I are 8th-generation farmers and we have high hopes that one or more of our children will become the 9th generation.

We currently farm approximately 1000 acres of potatoes, along with 2300 acres of corn, 1500 acres of soybeans, and 850 acres of wheat annually. The remaining acreage is dedicated to a variety of cover and rotation crops, totaling over 6000 acres in production. We distribute approximately 350 million pounds of potatoes annually throughout the eastern United States, with a primary focus on retail packaged potatoes. Our farming, packing, and distribution operations are supported by a team of approximately 400 employees.

IMPACTS OF BONUS DEPRECIATION ON SMALL BUSINESSES

The year 2020 marked our 50th year in business, as well as the start of the pandemic. Our business is focused on feeding people and that did not stop during the pandemic. Our doors stayed open and our workforce showed up. On behalf of the Masser Family, I would like to give my heartfelt thanks to our employees that helped keep food on the tables of families in America.



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Like any other company, we had to adjust our way of doing business in recent years. One of those adjustments was increasing the automation in our packing operation to transition difficult-to-fill, labor-intensive positions into machine operator positions, by mechanizing our bag filling and palletizing functions within our packing shed. These steps in automation improved employee safety, by reducing the risk of sprains and strains, while also improving production efficiency. We started the process of this automation prior to 2020 and, with the assistance of bonus depreciation and the positive impact that had on our company's cash flow, we were able to continue installing this machinery through the pandemic.

This example demonstrates what I believe to be an important impact of bonus depreciation for a company like ours, which is the ability to reinvest in our family business with improved cash flow. Reinvesting helps us increase the speed of our innovation and make necessary investments that allow us to stay up-to-date with technology and keep pace in the marketplace. By taking advantage of bonus depreciation, we have been able to redirect cash back into our business so that we can improve our employee's work environment, increase our efficiency and continue to remain competitive in the marketplace, particularly as we combat tighter margins through this inflationary period.

As a family business, the concern always exists that we will not be able to keep pace with larger companies or with rising costs, while still addressing the needs of our employees. With a tight labor market in our region, we are always looking for ways to improve the work environment for our employees, improving safety and efficiency. Innovation allows us to be in a position to compete for employees and create higher-paying positions.

Additionally, with interest rates on the rise, smaller businesses are able to benefit by utilizing cash, instead locking in loans with high rates. Although our business is fortunate to have very good relationships with our banks, small companies in general do not have the ability to negotiate with banks as well as large corporations. This is where the SBA is able to step in to offer assistance with small business loans but the ability to utilize cash to reinvest in your own business is another useful tool in a business owner's toolbox.

Small and family-owned businesses are the backbone of the American economy. In order to remain competitive, particularly in the agricultural sector, we need to be able to keep up with the speed of innovation of larger corporations. Taking advantage of bonus depreciation, and using that to reinvest in our business, assists us in accomplishing this so that we can continue to provide a good work environment for our employees and put food on the tables of families in America.

Thank you for the opportunity to be a part of today's discussions; I appreciate the interest from the subcommittee.