



OPPOSE HB 3427: TAXES ON GROSS REVENUE

Our coalition of agricultural organizations urge you to vote “no” on HB 3427 as currently drafted. To be clear, our coalition opposes taxes on gross revenue. Despite this policy, we have been engaged in the Oregon Business and Industry (OBI) negotiations with House leadership and believe OBI has taken a position that is consistent with the views and needs of the broader business community. Additionally, we appreciate the promise of inclusion of technical fixes that would make HB 3427 more workable for agriculture this session.

However, the bill and its mechanisms have changed substantially in just a few days, and because of how rapidly this bill has been moving, there has been no opportunity to make the corrections needed for Oregon’s farm and ranch families. Additionally, there has been limited opportunity to engage with farmers and ranchers to assess the true impact of HB 3427. Therefore, the bill is moving to the floor in both chambers without the imperative fixes in place.

The following list represents the items that must be included or clarified:

A definition of agricultural products more inclusive than “groceries” or “SNAP-eligible” products.

Clarification of “wholesaler” to include the full range of buyers for ag products.

Lease of land or storage between farmers/ranchers should not be considered a “sale.”

Authority for Department of Revenue to build mechanisms other than *Cost of Goods Sold* for writing down expenses against gross revenue.

Clarity around the taxability of USDA programs such as conservation, crop insurance, and market supports.

Recognition of costs incurred in the year(s) before any revenue is realized (e.g., a substantial cost of a blueberries or hazelnut orchard or Christmas trees is incurred at planting and in the several years between planting and harvest of the first marketable crop) in offsetting gross revenue.

HB 3427 simply will hurt local food, fiber, and our natural resource economy. As drafted the tax will compound to raise food prices and encourage importing out of state or foreign food and fiber. Agricultural operations rely on a dynamic business model that operates on high costs and low margins. The impact of this tax will be felt when zero profit or even losses occur. For these reasons, our coalition respectfully request these changes be adopted before we can individually reconsider our positions on this revenue package.

From the Desk of
Representative
Shelly Boshart Davis

COO
5/1/19