

**TO: Chair Nancy Nathanson
Members of House Revenue Committee**

**FR: Oregon Farm Bureau
Oregon Wheat Growers League**

**RE: HB 4009 – Technical Fixes to CAT
Amendment -25, crop insurance policies**

On behalf of Oregon Farm Bureau, the state's largest agricultural membership organization, representing over 6,300 farm and ranch families and the Oregon Wheat Growers League, representing the nearly 2,000 farms across Oregon that produce wheat, we write to urge your support for the -25 amendment.

We appreciate the Committee's willingness to mitigate the unintended harm to farm and ranch families under the corporate activity tax. One technical fix that we believe is a step in this direction is to not treat crop insurance payments as gross receipts under the corporate activity tax. Crop insurance is an important risk management tool used by many farm and ranch families. It helps those with covered crops in times of loss due to drought, wildfire, or other disasters. When farmers receive payments for a covered loss, those payments help reduce financial loss and ensure that farmers have the financial resources to plant next year's crop. However, crop insurance does not cover ALL financial loss. Accordingly, taxing insurance benefits when the farmer is already incurring a loss and seeking to plant their crop for next year seems like an inappropriate penalty.

Oregon's educational system gets far more support from the continued production on a farm than it will from taxing a percentage of a farmer's insurance payment received as the result of a major loss.

Wheat is one example of a crop where farmers often purchase insurance. For example, many Wasco and Sherman County farmers, who lost all or major parts of their wheat crop in the 2018 Substation Fire, needed their crop insurance payments to help pay for recovery actions and to get their next crop planted. Adding a corporate activity tax to payments intended to reduce economic losses sustained during such an event would have furthered hardships to farm businesses during a time when those funds are necessary to address recovery.

For those farmers and ranchers who do have access to crop insurance, this technical fix is an important one. We urge your support.