



House Committee on Energy and Environment

March 3, 2021

Oregon Farm Bureau Federation Opposes the -1 Amendment to HB 2674

Chair Marsh and Members of the Committee:

We appreciate the opportunity to respond to the -1 amendment to HB 2674. As a reference, the Oregon Farm Bureau Federation (OFBF) is the state's largest general agriculture association, representing nearly 7,000 families engaged in farming and ranching across every county in Oregon.

OFBF opposes the proposed -1 amendment, which would levy countless new taxes on rural businesses—farmers, ranchers, and small woodland owners—in order to fund diesel engine replacement and retrofit in the densest areas of the state. Rural communities aren't responsible for Portland's air quality, but the -1 amendment to HB 2674 puts that responsibility squarely (and inappropriately) on our members' shoulders. The proposed amendment taxes our tires, our farm equipment, our trucks, and the dyed diesel used in off-road equipment to grow food and fiber. It does so at a time when many family farms and ranches are struggling with the devastation wrought by COVID-19, devastating wildfires, and February ice storms.

Farmers and ranchers rely on both on- and off-road equipment to get commodities to market. Agricultural equipment is expensive, highly specialized, and often utilized for a limited number of hours in a year. It is not economical for a family farm to purchase new equipment for every activity on the farm or a new truck to get commodities to market two-weeks out of the year. That's why the proposed privilege taxes and rental taxes hit our industry so hard. Producers must use specialized equipment to produce commodities, but the -1 amendment taxes virtually every piece of equipment that is purchased, leased, or rented, as well as the tires needed to operate that equipment. While we have not yet had an opportunity to calculate the potential fiscal impact of the -1 amendment to our industry; the cost would likely be substantial. Oregon's agricultural sector operates on extremely thin margins, and the -1 amendment is an incredible burden on these working families.

We are also strongly opposed to the proposed tax on dyed diesel. The -1 amendment targets off-road fuel used in farm equipment, imposing state fuel taxes on this federally exempt fuel. The reason that dyed diesel isn't subject to the state's fuel tax is because off-road equipment is not used on Oregon highways and roads. Food and fiber production is often fuel intensive, and many farmers would see a substantial increase in the cost of doing business in Oregon if the Committee were to pass this amendment. We strongly oppose this proposed tax increase on rural Oregonians to solve issues identified by those who live in urban areas of the state.

The -1 amendment is a broken promise to rural Oregonians who came to the table to find a workable solution two years ago. OFBF worked collaboratively with this body to find a compromise on HB 2007 in 2019. The bill that ultimately passed focused diesel regulations and investments in the tri-county Metro area. Farmers, loggers, and small and independently operated fleets were exempted from the regulation because retrofit and replacement of working trucks was too expensive, and these industries aren't big contributors to Portland's diesel particulate concerns, given their small footprint and rural locations. The year-long Diesel Task Force (authorized by HB 2007) also considered many of the concepts in the -1 amendment but chose not to proceed with these concepts because consensus was not reached.

The timing could not be worse for a taxing proposal of this magnitude. What is the scope of the problem that the -1 amendment is intended to solve? HB 2007 has not yet been implemented by the Oregon Department of Environmental Quality, and consequently, stakeholders do not have information regarding the phase-in of new on-road trucks or local investments in diesel engine retrofits and replacements. The scope of the problem has not been identified, nor has a workable solution. Legislators should put these new taxes aside and focus on recovery this session.

It is fundamentally unfair to saddle rural Oregon families with the cost of cleaning up urban air sheds, and we urge your opposition to the -1 amendment to HB 2674 and any similar proposal that taxes tires, dyed diesel, and farm equipment.

Thank you for the opportunity to provide testimony today. For questions regarding these comments, please contact Jenny Dresler (jenny@pacounsel.org) on behalf of Oregon Farm Bureau Federation.