



**To: Members of the House Energy and Environment Committee**

**From: Rex Storm CF, Executive Vice President**  
Associated Oregon Loggers, Inc.

**Date: March 3, 2021**

**Re: Testimony in Opposition to Legislation Proposing Additional Taxes on Nonroad Diesel Equipment, Trucks, Sales/Leases, Tires, and Dyed Fuels - HB 2674, Dash-1 Amendments**

**Good afternoon Chair Marsh, Vice-Chairs Helm and Smith, and members of the committee:**

For the record, my name is Rex Storm. I am here today on behalf of the Associated Oregon Loggers (AOL) to speak in **opposition to the -1 Amendments to HB 2674**. We encourage you oppose this costly bill, which proposes additional taxes on nonroad diesel equipment, trucks, sales/leases, rentals, tires, and dyed fuels.

Associated Oregon Loggers is the statewide trade association serving as the voice of Oregon's forest operators. AOL represents nearly 1000 mainly small, generational family businesses that employ more than 22,000 working Oregonians. AOL family businesses provide statewide sustainable forest management services for Oregon's forestlands, economic stability for their communities, living wages to their families, and many are also family forest landowners. These are the folks who do the work of forest management, including hazard reduction, fire protection, forest restoration, reforestation, road construction, habitat maintenance, recreation access, and harvest operations.

We are the working families and small rural businesses who manage most all Oregon forests. HB 2674-1 is a direct taxation of the modern technology and transportation of Oregon's forest sector—and those small businesses that propel the sector's productivity.

**Small family businesses hurt most.** When we consider these proposed increased taxes, it would be wrong to assume that the impacts will be limited to large businesses. The truth is that the forest sector operates as a market that is shared by the small and large businesses that operate within it. As such, we are like a family where impacts to one family member impacts the others. Family business contractors are service commodity price-takers, who cannot "pass-along" tax increases to the marketplace.

Family forest businesses would be deeply impacted by the bill. Furthermore, because small businesses are price-takers, which lack the scale economies and capitalization necessary to endure economic shocks, the proposed tax-raising bills would enact a disproportionately greater negative burden on family forest businesses. Albeit unintended, the proposal nonetheless would enact a bias against the small family forest business.

**Rural business heavily impacted.** This bill would most impact rural small business investment—and the economic and social engines of rural Oregon. This wrong-headed bill would harm the efficiency of the entire forest sector in rural Oregon. HB 2674-1 is a direct and significant impact on rural Oregon and the economic outcomes of our important rural forest-farm-construction sectors.

**Small business technology investment reduced.** The effect of increased taxation is on small forest business, which I represent, is that the small business income and investment would DECLINE under burden of HB 2674-1. Whereas, family forest businesses today are investing in improved diesel and energy efficiency technology—and making great progress forward—the proposed HB 2674-1 would perversely REDUCE tomorrow's small business investment into advancing diesel emissions technology.

**Now is the wrong time to further burden family forestry.** An extraordinary number of severe disruptions impacted small family forest business this past year, which make today the worst time to enact further state government disruptors of now-fragile family business. The bill would be destructive in its proposed higher taxation, and hitting small business with greater future uncertainties and burdens that would stifle investment in innovation.

The year 2020 has been fraught with unprecedented impacts on family forest small business. To name a few: skilled trades labor shortages, steeply rising costs, wildfire impacts, COVID-19 market crashes, ice storms, regulated slowdowns, and a cold-wet winter. HB 2674-1 proposed added government burdens on small business would predictably provoke accelerated small business exits and disinvestment that would trigger further consolidation into fewer larger businesses.

This bill, at this time, would drive small business income to shrink, and cause disinvestment in technology improvement. Oregon's forest future is more vibrant with a stronger small family forest business community that is self-motivated by profit to innovate in its own diesel emissions improvements. But HB 2674-1 would perversely disrupt this future.

The Amendment's proposed tax increases would unfairly and disproportionately impact rural family forest small businesses in five negative ways:

1. NEW privilege tax for every purchase of forest-farm-construction nonroad equipment;
2. NEW privilege tax on sales/leases of equipment and trucks vehicles used in rural business;
3. NEW rental tax for nonroad diesel equipment, deployed by small business;
4. NEW fuel tax on dyed diesel used in nonroad family businesses; and
5. NEW excise tax on all tires purchased by high-mileage rural families.

This Amendment's overreach is a direct assault on rural small business, particularly when many Oregon working families and small business employers are grappling to recover from more than two difficult years in rural Oregon.

In 2019 legislators passed HB 2007, aiming to phase-out older diesel engines in the Portland urban area and to foster newer technology in urban areas. That bill was a compromise agreement to encourage retrofit and replacement of older on-road engines in heavy-traffic urban areas, while exempting diesel power in rural areas. It is in rural areas where neither population density nor concentrated diesel use would warrant further regulation.

Today, just two years later, the HB 2007 agreement is under siege by HB 2674-1. The -1 Amendment explodes the HB 2007 agreement, imposing a burden of new taxes on rural small business to fund those diesel engine retrofits located in the far-away Portland urban area. We disagree with the premise of HB 2674-1.

Please stop adding further obstacles confronting rural working families. I urge you to vote "NO" on the -1 Amendment to HB 2674. It is bad timing to now add tax uncertainty, higher costs, more paperwork, and bigger government—particularly during such challenging times for rural small business. We do not need these extra hurdles to block small business investment following an unprofitable year.

Family business needs to get back to work and school. During this Session, rural Oregonians in the forest, farm, and construction industries encourage Legislators to focus FIRST on resolving those current severe societal issues in front of them—COVID-19 reopening, displaced school children, wildfire recovery, ice damage repairs, and overburdened social services.

Thank you for your consideration to oppose -1 Amendments to HB 2674.