

Chair Marsh and members of the committee:

We appreciate the opportunity to submit testimony on the -1 Amendment to House Bill 2674. Oregon Wheat Growers League is a nonprofit trade association which represents the nearly 2,000 farms across Oregon producing wheat. We oppose the -1 Amendment to House Bill 2674 which would place a tax on off-road fuel, farm equipment and tires and hurt the businesses that form the core of Oregon's rural economies.

In particular, this bill would tremendously disadvantage Oregon wheat producers and our ability to sustain farm operations. Currently, wheat is grown in 30 of Oregon's 36 Counties and with nearly 90% of our production going to export markets, it is one of Oregon's most important export crops. However, under this bill, our industry, which includes generational family farms, would be taxed on critical inputs and equipment. Of particular concern is the tax on tires, on red dyed fuel and on the sale, lease or rental of off-road equipment.

The one thing that does remain the same under this proposal is the price for our wheat traded on the global market. Increased costs will make it increasingly hard for Oregon Wheat producers to compete, and our overseas competitors will benefit as they watch us struggle to survive.

Oregon Wheat Growers recognize that efficient use of energy is both economical and sustainable and we have continually invested in our own operations to minimize energy usage to the extent possible as it is essential for our businesses to survive. However this -1 amendment is indifferent to that and asks our producers to shoulder the costs for the state... a prospect we cannot afford.

We rely on specialized equipment to produce wheat. To place the proposed taxes into context, the purchase price for only one of those pieces of equipment: a very basic combine with a hillside package is roughly \$600,000. The proposed tax would add \$9,000 before we can even get out into the field. Nearly every piece of equipment we use, and the tires and fuel to operate that equipment, would be taxed.

The -1 amendment places the burden on the backs of rural people for the benefit of urban projects. Oregon Wheat Growers League strongly opposes and requests a NO vote on the -1 amendment. Thank you for your consideration.