

**Testimony of Oregon Family Farm Association**  
**Senate Committee on Finance & Revenue**  
**June 7, 2021**



The Oregon Family Farm Association is dedicated to protecting the heritage of Oregon's family farms, helping farmers and educating the public about the health and future of family farming in Oregon. **OFFA opposes SB 139 and the proposed amendments. We urge you to not move this legislation forward.**

Oregon agriculture has been challenged like many industries this past year due to COVID-19. SB 139 along with the proposed amendments will disrupt our state's economic recovery and should be rejected. These proposals will hit Oregon small businesses hard raising personal income tax rates on family-owned small businesses, like family farms, many of which are structured as pass-through or partnership entities.

The proposed changes in the -7 and -10 amendments specifically have harmful tax increases on businesses which are unnecessary in light of the recent state revenue forecast showing a large uptick in Oregon's tax revenue. The amendments hit pass-through entities in the ag industry which may have income over the threshold one year but will not see that on a year-to-year basis given the nature of agriculture (e.g. bad weather or other conditions that result in lower or no crop yields). It is also worth noting that this proposed change will trip up the smallest of small companies who are just starting to hire people.

Also concerning in the proposed amendments are requirements on a business' operations via a state government mandate. Under these proposals, the State of Oregon would direct how a private business runs by establishing a minimum number of employees, how many hours its employees would work, and how income from the business is distributed amongst the owners.

More careful and thoughtful deliberation on proposed changes in this key area of state tax policy is needed by the Oregon Legislature. Given our concerns with SB 139 and its amendments – more taxes at a time state coffers overflow despite this past year's pandemic, no consideration of agriculture's uncertain year-to-year cashflow, new directives to a business owner on its employees, and unprecedented laws on income distribution among a business' owners – as well as those well-stated concerns expressed by others in the business community, the Oregon Family Farm Associations asks the committee to not advance this legislation.

Thank you for your consideration.

Bruce Anderson, Oregon Family Farm Association  
[Beanderson99@comcast.net](mailto:Beanderson99@comcast.net)