

redw

Advisors & CPAs

Written testimony in Support of HB 3630, Natural Resource Exclusion

Hearing on April 3, 2025

Dear Chair Nathanson, Vice-Chair Reschke, Vice-Chair Walters and members of the House Committee:

My name is John Hawkins and thank you for the opportunity to testify in Support of HB 3630, providing corrections to the Natural Resource Exclusion

I practice as a CPA with REDW Advisors and CPAs, LLC here in Salem Oregon. I am dual licensed as both a CPA and an Attorney, but I have practiced my entire career as a CPA. I am near the end of my 39th tax season. A significant portion of my practice is with trusts and estates. This includes my own clients as they age and referrals from several sources to assist with tax returns when there has been the death of a loved one.

When the Natural Resource Exclusion legislation was passed in 2023, a study group of attorneys and CPAs gathered to review the legislation for how we could apply the new Natural Resource Exclusion to benefit our farming, forestry and fishing clients. A few provisions of the new law caused some concerns about how it might apply in some circumstances.

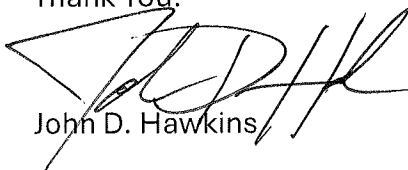
One area of concern was the additional tax or “recapture” of the exclusion if property was not owned by a family member. Many of our farm clients own the land in an LLC or trust rather than owning the property directly. The concern was that a transfer from one family-owned entity to another family-owned entity might trigger the additional tax or recapture.

There may be several reasons for a transfer. Usually we will have an LLC own the land, the farm’s most valuable asset, and the operations of the farm would be in a separate LLC or S corporation. The purpose was to provide some legal protection from a lawsuit or other liability that might arise with the operating entity.

The changes provided by HB 3630 eliminate the concerns we had about transfers from one family owned entity to another family owned entity.

I respectfully ask that you support HB 3630.

Thank You.



John D. Hawkins