



"The Voice of Oregon's Wheat Producers Since 1926"

**Testimony Before the House Revenue Committee
Respectfully Submitted By Darren Padget, Immediate Past President
Oregon Wheat Growers League
February 14, 2011**

Co-Chair Barnhart, Co-Chair Berger and Members of the Committee:

RE: Support for HB 3058

The Oregon Wheat Growers League is a non-profit trade association representing over 4,000 wheat growers in Oregon. OWGL thanks you for the opportunity to testify in favor of HB 3058. Wheat is an important agricultural product in Oregon, ranking 6th in terms of value based on price and production. Over 85% of the wheat grown in Oregon is exported, primarily overseas through the commercial export facilities located at the Port of Portland to destinations in the Pacific Rim.

The practice of consolidating and marketing this product through cooperatives is a long-standing business practice in the wheat industry. The Single Sales Factor adopted by the Legislature in 2003 disadvantaged the co-op structure favored by the agricultural community for a number of commodities. For wheat, which is grown primarily for export, this disadvantage is significant.

This disadvantage was exacerbated by the passage of Measure 67, which raised the corporate minimum. Wheat producers, through the co-op, are being taxed for products destined for markets outside of Oregon. The Single Sales Factor was designed to protect industries exporting out of Oregon, but the practice of consolidating this product for sale was not addressed correctly in the 2003 legislation.

HB 3058 seeks to remedy this problem and place the wheat industry on equal footing with other Oregon industries exporting outside of Oregon. It will exempt member transactions and patronage dividends from the definition of "Oregon sales" when calculating Oregon taxable income. For this reason the Oregon Wheat Growers League requests your support of HB 3058.