

February 14, 2011

Co-Chair Barnhart	Co-Chair Berger
Co-Vice Chair Bailey	Co-Vice Chair Eyre Brewer
Rep. Bentz	Rep. Gelser
Rep. Hoyle	Rep. Wand

Dear Co-Chairs Berger & Barnhart and Members of the House Revenue Committee:

Oregon's agricultural commodities and natural resources compose a significant portion of our rich heritage. Of those commodities, wheat is one of the most vital and distinctively Oregon. In 2009, wheat ranked number six in Oregon's top 40 commodities, valued at \$233,633,000. Field crops are among the chief drivers of local economies in Eastern Oregon, where the top producing counties of wheat are Umatilla, Morrow and Sherman.

The Single Sales Factor has composed Oregon's tax structure since 2003. As a result, only in-state sales matter in determining how much of a company's profits are taxable by Oregon. The spirit of the Single Sales Factor should be recognized and applied not just in the case of multinational corporations like Nike and Intel, but also to our growers of wheat and other specialty crops who call Oregon home.

Wheat growers are unfairly burdened by the 2003 Single Sales Factor definition, especially now the corporate minimum tax was raised in 2010. As an unintended consequence, co-ops are being taxed on sales they make out of the state, or even out of the country. When a farmer sells their wheat to a co-op based in Oregon and it is bundled here, often the final sale and shipment are to places like Japan. We need to correct this undue hardship on co-ops to make sure a critical agricultural industry in our state is treated fairly.

House Bill 3058 will rectify the problem wheat growers' face by exempting member transactions and patronage dividends from the definition of "Oregon sales" on which Oregon taxable income is based. Passing this bill will not only honor the intent of the Single Sales Factor structure that is the current tax law in Oregon, but will treat essential Oregon industries justly.

Sincerely,



Dave Hunt  
State Representative  
House Democratic Leader