



OREGON
ASSOCIATION OF
NURSERIES

Testimony before the House Committee on Revenue
House Bill 2539
By Patrick Capper, Government Relations Director
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Co-Chairs Representative Berger, Representatives Barnhart, members of the Committee, I am Patrick Capper, Government Relations Director for the Oregon Association of Nurseries (OAN). I appreciate this opportunity to voice the nursery and greenhouse industry's thoughts on HB 2539.

The nursery and greenhouse industry remains the state's largest agricultural sector despite a severe economic downturn. Oregon's nursery growers ship their products throughout the country, over 74% of nursery stock grown in our state – with over half reaching markets east of the Mississippi River. Nursery association members represent wholesale and Christmas tree growers, retailers and greenhouse operations.

The nursery and greenhouse industry is a high transaction, low margin sector of agriculture. The cumulative effect a business activity tax will make it harder – not easier – for the industry to continue being a national economic force. We are facing shrinking demand, increased competition from Eastern nursery states located closer to our primary markets, and increased labor and transportation costs. With these competitive pressures, we cannot embrace a modified business activity tax.

Taxing business activity draws the erroneous conclusion that business activity and sales equal profit. The legislature risks taking a similar path it took in 2009 and examine various revenue generation alternatives instead of taking the arduous and difficult task of much needed tax reform. The business activity tax is not offset by a corresponding reduction of the gross receipt tax, rather it represents another barrier to nursery and greenhouse operators instead of a measure that keeps Oregon businesses competitive. We recognize that the job of the Oregon Legislature is to pass a balanced budget and to provide services that every Oregonian – including my own members – utilize and depend upon. There are no easy solutions but we can certainly identify proposals that will hurt our industry. The business activity tax is such a proposal.

As an income tax state, it is essential that we get more people back to work. The state needs to recognize that they have every interest to promote job growth – it not only helps those who are underemployed or unemployed find work, it helps the bottom line of the state budget. To some degree, state government needs to allow business to what it does best – be innovative, seek market share, bring much needed dollars back to the state. OAN is a perfect example of this dynamic – it brings millions of its dollars back from outside our state – and as policymakers we urge you to examine ways to make this easier – not harder.

If the legislature and the governor wishes to enter into a discussion of tax reform and how to stabilize general fund dollars along with stimulating economic activity and job growth, OAN stands ready to do our part and be a reasoned voice. If the legislature wishes to merely add tax burden without doing the hard work of examining the cumulative impacts of such policies, our answer is one filled with disappointment and one that cannot support in this bill.

Thank you for the opportunity to comment on HB 2539. I'm happy to take any questions.