



**OREGON**  
ASSOCIATION OF  
NURSERIES

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MEASURE: HB 2541-5  
EXHIBIT: J  
HOUSE REVENUE COMMITTEE  
DATE: 4/5/2011 PAGES: 2  
SUBMITTED BY: PATRICK CAPPER

April 5, 2011

Representative Phil Barnhart  
Representative Vicki Berger  
Oregon House Revenue Committee  
Legislative Revenue Office  
900 Court St. NE, Rm 143  
Salem OR 97301

RE: House Bill 2541-5

Dear Co-Chair Berger, Co-Chair Barnhart and members of the House Committee on Revenue:

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 leaves our borders-- with over half reaching markets east of the Mississippi River. Nursery association members represent wholesale and Christmas tree growers, retailers and greenhouse operations.

The OAN believes that preserving family owned nurseries is essential for the long-term viability of our industry. This is also true of family farm, forestry and fishery operations. This bill encompasses a good faith solution to the problem of forcing natural resource family businesses to liquidate vital assets to pay an estate tax.

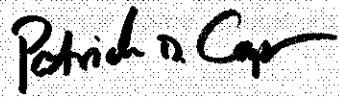
The OAN supports the Oregon Law Commission's revision of the inheritance tax law as identified in the - 5 amendments to House Bill 2541. This measure, which has been extensively debated, discussed and reviewed by the members of the Oregon Law Commission, represents a significant improvement to Oregon's estate tax structure.

This measure would increase the initial threshold above which an estate would pay any taxes from 1 million to 1.5 million, which will remain significantly lower than our neighboring states--a number of which impose no estate or inheritance tax law at this time. This bill further changes the initial threshold calculation of the tax and removes now outdated connections to the federal estate tax code. Of great significance to our members, it also alleviates a particular concern with respect to the natural resources credit, which becomes more directly calculated and understandable, rather than the previous sliding scale credit system. We strongly believe that this adjustment honors the Legislature's initial intent in passing the landmark natural resources credit legislation.

Refinement of the estate tax is a top priority for the OAN. We advocate for a reasoned tax structure that supports the family agricultural operations in the state. The OAN feels that the -5 amendments reflect our collaboration with the Oregon Law Commission and our partners in the agricultural sector. It accomplishes these goals with the intent of seeking a tax credit approach that maximizes resource utilization while minimizing fiscal impacts for the state.

At the state and federal level, discussions on the estate tax focus particular attention on the impacts on family businesses, including farms. As policy makers, you must balance the revenue needs of the state with a tax that unfairly burdens family businesses. We believe the natural resources tax credit approach reflected by the -5 amendments is revenue neutral. The history of the natural resource credit from its inception to early 2010, as the Department of Revenue reports, showed only two natural resource credit estates exceeded \$5 million dollars and only one claimed the full estate for natural resource credit purposes. This credit particularly benefits smaller family owned estates, both farm and fishing. This measure creates a more straight-forward and logical approach to the estate tax for the State of Oregon and the Oregon Association of Nurseries urges its approval.

Sincerely,

A handwritten signature in black ink that reads "Patrick D. Capper". The signature is written in a cursive style and is positioned over a rectangular area with a light gray dot grid background.

Patrick D. Capper  
Government Relations Director  
Oregon Association of Nurseries