



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

**Testimony Before the Senate Finance and Revenue Committee
Respectfully Submitted By Jana Bader Jarvis on behalf of the
Oregon Wheat Growers League
June 13, 2011**

Chair Burdick and Members of the Committee:

RE: Support for HB 3058A

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 3058A. 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 and subjected them to the gross receipts tax. The Single Sales Factor was designed to protect industries exporting out of Oregon, but this practice of consolidating product was not correctly addressed in the 2003 legislation. Additionally, Measure 67 now subjects the co-op to dual taxation. Agricultural cooperatives are comprised of producer members who use the cooperative to aggregate and market their products and under the new gross receipts tax this revenue is taxed at the co-op level and again when the proceeds are distributed to the cooperative members.

HB 3058A seeks to remedy this problem by exempting from the definition of "Oregon sales" business done with members of an agricultural cooperative. It would place the wheat industry on equal footing with other Oregon industries exporting outside of Oregon. It would also eliminate the dual taxation for Oregon's wheat producers and keep this market competitive for one of Oregon's vital industries. For this reason the Oregon Wheat Growers League requests your support of HB 3058A.