April 7, 2013-04-07

Dear Representative:

While HB 2696 is appropriately in the House Transportation and Economic Development Committee, I would suggest that it certainly is not an economic development bill. Economic development means that something is produced in-state that can be sold out of state thereby off setting money that leaves the state to purchase items not produced in-state. The result is that on an annual basis, there is more net money in the state than there was the previous year.

The passage of HB 2696 will have just the opposite effect. A very large percentage of agriculture production (somewhere in the neighborhood of 75 to 80 percent, verify with the Dept. of Agriculture) is exported either nationally or internationally resulting in true economic growth in Oregon. This bill will make it substantially easier to carve new roads right through the heart of Oregon's most productive farmland. That means more valuable farmland is removed from production and the states true annual economy is reduced.

One might argue that building roads improves the economy but that is not true. Even if in-state companies do the work all you are doing is shuffling money from the tax payers to government to fund the work and then paying the money back to Oregon residents. The result is no net monetary increase over the previous year, i.e. no economic growth. It is even worse if an out of state company does the road work because a substantial portion of the money simply leaves the state.

In addition when farmland is lost there is a negative effect on the production and profitability of the agriculture industry including processors and farm suppliers. There is an important factor called the "Agriculture Infrastructure" that is harmed when farmland in an area is removed from production (removal does not include establishing on-farm vertical integration). Not an exhaustive list but some negative effects include: 1. When a road intersects land it reduces the size of the parcel which expands the re-sale market of the parcel causing the price to increase making less available to other producers; 2. The smaller parcels are more expensive to farm so net taxable income is decreased; 3. The reduced volume of crops reduces the ability of processors, farm suppliers and equipment sales companies to remain in the area; 4. The farmers' expenses increase because they have to travel farther to market and farther to obtain supplies and parts.

Bottom line, if you are sincerely concerned about economic growth in Oregon, you will vote NO on HB 2696.

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