

Testimony in opposition to HB 2859  
By Bruce R Chapin  
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Chairman Representative Phil Barnhart  
Members of the House Committee on Revenue

I am a 3<sup>rd</sup> generation full time orchardist farming just north of Keizer and I urge you to oppose HB 2859. HB 2859 creates sunsets to eliminate the appropriate use of the income approach for appraising farmland values. Appraising real estate using the income approach is not limited to farm and forest land, it is used on all types of income producing properties. The Oregon Department of Revenue publication "Appraisal Methods" states on page 32 of chapter 6, "Always consider using the income approach to appraise income-producing properties." [https://www.oregon.gov/DOR/forms/FormsPubs/appraisal-methods\\_303-415.pdf](https://www.oregon.gov/DOR/forms/FormsPubs/appraisal-methods_303-415.pdf)

Farmland is income producing-property and therefore the appropriate method to appraise farmland is to use the income approach. The selling price of farmland is strongly influenced by perceived future non-farm uses and speculation resulting in unrealistic farmland values. For the tax assessors to discontinue assessing farmland in the EFU zone based on the income approach, required by HB 2859, will devastate the agricultural industry creating more pressure to convert farmland to other uses.

HB 2859 also creates a sunset to eliminate the farm use special assessment on farm home sites. The house is an essential part of the operation. On our farm, the farm office is in our house. Please realize the reason farmers live on their farms is to make the farm operation more efficient. I need to be on the site day and night to be able to react quickly to emergencies. Greenhouse heaters have to be monitored when it gets cold in the middle of the night and ventilation adjusted on hot Sunday afternoons to avoid overheating. Hazelnut driers need to be checked frequently both day and night to avoid over drying the nuts. There is also the constant need to be there to minimize theft and vandalism.

HB 2859 will sunset personal property tax exemptions for farm equipment. These exemptions were passed recognizing the seasonal nature of agriculture. Much of our equipment is very specialized and used for a very short period of time. For example in our operation we have hazelnut harvesting equipment, and cherry harvesting equipment. All are specialized and expensive pieces of equipment essential to the business and are only used for about 10% of the year. With the small margins often seen in agriculture, the added expense of personal property taxes on farm equipment could make it not feasible to own or operate the needed machinery.

The impact of HB 2859 on farm families would be devastating! Please vote NO on HB 2859 and support Oregon farmers and ranchers!

Respectfully,

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