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Helping to shape the use of our natural resources to protect the quality of life in Yamhill County.

Representative Phil Barnhart, Chair, Rep.PhilBarnhart@oregonlegislature.gov
House Committee on Revenue
Edward Klein, Committee Administrator, lro.exhibits@oregonlegislature.gov

RE: House Bill 2859

My name is Kathryn Jernstedt. I live at 8156 NE Mineral Springs Road in Carlton in Yamhill County. This is part of the farm Frank and Anna Jernstedt established in 1891 and which proudly celebrates its recognition as a Century Farm. I also speak as a board member of Friends of Yamhill County and wish to testify in opposition to HB 2859. This bill breaks the bargain of SB 100 in ways that will severely undermine the long term preservation of Oregon's land use system.

The voters have once again presented the Governor and Legislature with election results that add services and programs while denying any additional revenue. I recognize the dilemma this presents to you. However, I disagree with the approach taken in this bill to find funding.

To sunset the special assessment and tax exemption on farm equipment is to violate the compact at the foundation of Oregon's land use system. Farmers, ranchers and small woodland owners gave up a great deal of flexibility in exchange for these considerations. My father, Ernest Jernstedt Jr. (grandson of Frank and Anna), would routinely respond to complaints about permits and restrictions that they were part of the deal. And then point out that the tax

considerations were the other part. From the early discussion around the family dinner table as the law was being developed and implemented I learned that it was a bargain and compact. Like most agreements it had its opponents but it was essential to the survival of our family farm.

In our case one of the major economic hurdles has been holding the farmland intact from one generation to the next. My father inherited half of the farm on his mother's death but had to buy the other half from his sister. This was eminently fair but a financial hardship. Add to that the operating loan, market vagaries, five children in a small house and margins were very slim for a long time. About the time he got his head above water again it was time to send children to college and replace the equipment that could no longer be teased into operation. The teams of horses and contract threshing crews of Frank and Anna's days have given way to expensive and highly specialized equipment. Dad taught me to speed shift the little Allis Chalmers when I was raking hay but I stand in awe of the modern GPS guided equipment plying the fields today.

Small operators need the tax consideration to help with their very tight profit margins. Larger operators need to be able to do the essential long term planning that is fundamental to farming. Family farms need the assistance to keep their operation viable and induce the future generations to see it as a viable career.

It was a little surprising to read through the bill and see the diversity of activities that have exception or special assessment taxing status. Some, like low cost housing, are clearly good public policy and still very important. In others the public policy element is not so recognizable but I would hazard a guess that someone will testify for them too. I am not here to throw someone else under the bus. A selective review would be a long hard slog and may result in economic costs and political consequences that outweigh the revenue gained.

As a member of the fourth generation on the family farm I treasure SB 100 and all it entails for protecting that legacy. This bill breaks that agreement in ways that will severely undermine the long term preservation of Oregon's environment and farming economy. Please do not advance this bill however tight the budget conditions.

Sincerely,

Kathryn Jernstedt

Kathryn Jernstedt
Friends of Yamhill County

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