



OREGON
ASSOCIATION OF
NURSERIES

**Testimony before the House Committee on Revenue
HB 2859 – relating to the creation or adjustments to sunset dates
on property tax expenditure provisions**

By Jeff Stone, Executive Director

Oregon Association of Nurseries

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Chair Barnhart, Vice-Chairs Bentz and Smith Warner, members of the committee, my name is Jeff Stone and I serve as the Executive Director of the Oregon Association of Nurseries. Thank you for the opportunity to provide comments House Bill 2859 – which creates or adjusts sunset dates for certain property tax expenditure provisions.

My association appreciates the bipartisan fiscal discussions underway to fix the systemic cost structure of the state budget. However, the nursery and greenhouse industry has grave concerns over House Bill 2859 – in particular the provisions that would eliminate farm and forest use deferral and personal property tax exemptions for irrigation and farm equipment in 2024. This bill will have far-ranging impacts on our industry, food supply, open space and Oregon’s agricultural heritage.

The Economic Footprint of the Nursery and Greenhouse Industry

The nursery and greenhouse industry is the state’s second largest agricultural sector, and the industry ranks third in the nation, with over \$894 million in sales annually to customers in Oregon, the rest of the United States, and abroad. In fact, nearly 75% of the nursery stock grown in our state leaves our borders – with over half reaching markets east of the Mississippi River. We send ecologically friendly green products out of the state, and bring traded sector dollars back to Oregon.

Nursery association members represent wholesale plant growers, Christmas tree growers, retailers, and greenhouse operators. Our members are located throughout the state, with our largest nursery growing operations found in Clackamas, Marion, Washington, Yamhill and Multnomah Counties.

Roll-backs to protecting agriculture will have big implications

HB 2859 would sunset personal property tax exemptions for farm equipment that were passed to recognize the unique economics of agriculture. The equipment required to run a

farm is very expensive and specialized. Unlike equipment for other industries, which is used daily to produce revenue, much farm equipment can only be used for a short time each year. Even with occasional use of equipment, this bill does not take into consideration changes in the industry due to a severe labor shortage. Many nurseries have made significant investment into automation which then would be taxed under the tenets of this proposal. The added expense of personal property tax for farm equipment would make it not feasible to own or operate.

HB 2859 also eliminates the farm use assessment and threatens Oregon's land use system. Nursery operations are often both urban and rural and land use is a significant issue for our industry. Farm use and home site assessments keep farmland in production. These special assessments reflect the value for agricultural productivity and not other uses that may justify a higher assessment. This is a critical issue to keep farm lands as they are – working and productive.

There are significant safeguards to protect the public from unauthorized farm tax deferral and the state has placed a priority – in both its land use and tax structure – to ensure that agriculture remains strong in the state. HB 2859 would reverse a century of support for the agricultural industry.

Cumulative impact of regulations and taxation hurts the nursery industry

Over the past several legislative sessions, the legislative body has passed employer and tax mandates that are having an impact on the nursery and greenhouse industry. Measure 66 & 67, minimum wage, paid sick leave, employee paid retirement, among others. We certainly understand the policy discussions with each of these examples – but what is less understood by the legislature is the cumulative impact these mandates, taxes and regulations have on the industry's ability to compete against other states.

The OAN has been clear about the detrimental impacts mandates impacting labor and operational costs would have on the nursery industry. Oregon's nursery and greenhouse industry competes against states with significantly lower minimum wage rates and regulations. Many of these operations are closer to the markets my members serve.

The nursery industry is not much different than much of the agricultural community, which competes on a national and global scale. Adding complexity to our labor needs is a recipe for greater uncertainty to the nursery and greenhouse operation as well as our valued employees. If you move forward with this legislation, please consider removing agricultural tax deferrals changes in HB 2859

Thank you for your time and consideration