



**OREGON
WHEAT**



HB 2706: Taxing Ag Water Use

Water is the lifeblood for Oregon's farmers and ranchers; it is essential for the Oregon's agricultural economy. Agriculture contributes an estimated \$50 billion dollars to the state's economy, making it Oregon's second largest economic driver. Given the importance of water to all of Oregon's 220+ commodities, the state must protect farmers' water rights and ensure that management decisions are workable for Oregon's farmers and ranchers.

HB 2706 unfairly taxes family farmers and would be very challenging to administer. HB 2706 would charge water right holders \$100 on each water right held in the state, capping at \$1000 for non-municipal users and \$2500 for municipalities.

- **It is an impermissible tax on water users.** The fee does not go toward providing an equivalent benefit for users and is explicitly a revenue raising bill—two hallmarks of a tax. In most counties, the value of a water right is part of property values that farmers pay tax on. Farm families should not be double taxed on their water rights.
- **It would create an enormous burden for the OWRD.** The OWRD lacks authorization to change the name on water rights, so most water rights are not in the name of the current holder. Matching water rights with tax lots will cost resources and staff time, and OWRD is unlikely to be able to track down all users.
- **It unfairly targets certain farmers.** OWRD's work benefits all Oregonians, yet certain water rights are exempt from assessment or assessed at a much lower rate. Even among farmers, assessments can vary among users depending on how they hold their right – farmers could end up paying wildly different rates for the same number of water rights.
- **General funds are likely to be impacted over time.** Over time, the fees are likely to increase while the share of general funds for the Department decrease, switching the Department from a General Fund Program to a fee program. Oregon farmers should not bear the overwhelming cost of the Department's administration.

