



June 13, 2017

Senator Mark Hass and Representative Phil Barnhart
Co-Chairs, Joint Committee on Tax Reform

RE: Oregon Seed Council Testimony on HB 2830 Gross Receipts Tax.

Any business tax change will create winners and losers, this one is no different.

It appears to us that all entities, except those with less than \$150,000 in sales, will experience a tax increase of some amount.

Farms which are pass through entities and have low profit margins with sales between \$150,000 and \$3 million seem to be subject to a double increase with the increased minimum tax and the repeal of the PTE differential rate. Our own evaluation shows that owners of PTE's with a small profit margin (5% or less) and gross sales in this range (\$150,000 to \$3 million) will experience tax increases of between 25% and 30%.

Businesses will adjust over time to create the best structure possible for them to take advantage of any change in regulations. We have seen that with the increased use of the PTE since implemented in 2015. Farms are less able to take advantage of changes due to the effect of being price takers and no ability to physically move.

The majority of these increases are caused by the elimination of the PTE differential, so that is my main concern is this proposal.

I would also agree with the testimony presented earlier today by Oregon Farm Bureau.

Thank you for allowing me to testify.

Roger Beyer

A handwritten signature in black ink, appearing to read "Roger Beyer".

Executive Director
Oregon Seed Council