



P.O. Box 778 • 15195 NE Ribbon Ridge Rd. • Newberg, OR 97132  
Ph. (503) 537-9606 • Fax (503) 538-8919  
www.georgepack.com

April 27, 2019

Governor Kate Brown  
President Peter Courtney  
Senator Mark Hass  
Senator Arnie Roblan  
Senator Herman Baertschiger  
Senator Tim Knopp

Speaker Tina Kotek  
Representative Nancy Nathanson  
Representative Barbara Smith  
Representative Carl Wilson  
Representative Greg Smith

**RE: Equal Treatment Under House Bill 3427 – Agricultural Organizations**  
Delete Exemption of Corporations Described in Section 521 and Section 1381 of the Internal Revenue Code.

We have reviewed the HB3427-17s and are very concerned about the impact on Oregon family owned agricultural companies who compete with corporations described in Section 521 and Section 1381 of the IRS tax code.

For many years, federal and state tax and finance laws have been written to subsidize these corporate tax structures, and today's modern "agricultural cooperative" is now very different from the nostalgic notions of the past. For example, CHS is a massive chemical and fuel cooperative ([www.chsinc.com](http://www.chsinc.com)) which has over \$30 Billion in revenue, with net income of nearly \$425 million and is a Fortune 100 company.

Additional advantageous treatment under the tax law for corporations, which are simply organized as a cooperative, will have a negative impact on our local family business and our farmers.

We would request that all agricultural organizations be treated the same under the law.

**The -17's appear to have two major issues, both exemptions should be deleted from the bill:**

- #1. Page 66, lines 17-19: "(PP) Receipts representing business done with or for members of an agricultural cooperative in this state that is a cooperative organization described in section 1381 of the Internal Revenue Code.
- #2. Page 67, line 29-30 (f) Organizations described in section 521 of the Internal Revenue Code.

We urge you to make the appropriate changes to the final draft of HB 3427. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Larry George", is written over a light blue horizontal line.

Larry George  
George Packing Company