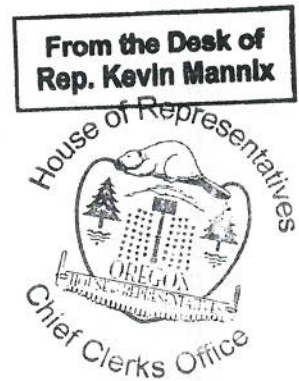


KEVIN L. MANNIX
STATE REPRESENTATIVE
DISTRICT 21



HOUSE OF REPRESENTATIVES



Re: SB 498

Dear Colleagues in the House,

I hope that SB 498 will come to the floor today for your consideration and vote. Here are the reasons why this is important legislation for Oregon and its rural areas.

SB 498 creates an exemption from the Oregon estate tax (death tax) for family-owned farms, forestry, and fishing. To qualify for the exemption, 75% or more of ownership must be within a family and the family members must have owned the property for 5 years or more before death and for at least 5 years after the family member dies. The family member for whom the exemption is sought must have actively participated in managing the activity to qualify.

This last point is important because I have heard misinformation which suggests that persons could invest in forestry, farming, or fishing enterprises and claim the exemption. This exemption does not cover investors; it only covers a family member who has been actively running the farm, woodland, or fishery.

There are 37,100 farms in Oregon. As of this year, 96.7% of those farms are still family-owned. The average size of each farm is 423 acres.

We include forestry because there are hundreds of families which own small woodlots which they actively manage in an environmentally friendly way, ranging from planting, to pruning, and after many years, selective harvesting. These are different from the large corporations which own thousands of acres of forest land and which do not qualify under this bill.

We include fisheries because there are many fishing families along the Oregon coast who spend millions of dollars on commercial fishing boats and who actively participate not only in managing their fishing work, but in supporting the limitation of fishing activities in order to avoid the depletion of our fishing stock.

But the heart of the matter is our family-owned farms. Our land use laws originated with a desire to protect our farm and ranch lands, which fulfill our agricultural heritage, and which provide us with open space.