Chair Nathanson and members of the committee,

My name is Roger Beyer, and I am the Executive Director of the Oregon Seed Council. I would like to offer support for HB 2142 from the Oregon Seed Council.

Grass seed production encompasses nearly 400,000 acres in Oregon, roughly 90% in the Willamette Valley. If you look at the footprint of agriculture in the valley, more than 200 crops combine to cover about 500,000 acres. Grass seed production nearly equals that amount.

Our members are business owners whose businesses rely on a thriving worldwide economy to sell their product. 98% of what they produce leaves the state and about 25% is exported internationally. We produce 60% of the world's supply of cool season grass seed. Our members work in a worldwide economy and have no ability to pass on increased costs of production to their customers.

Our product, grass seed, must be cleaned, tested and bagged before it is able to be sold. Many farmers have on site seed cleaners but very few have the ability to mix and bag into a final product prior to marketing.

This bill would add processors to the list of entities a farmer operation can sell agricultural commodities to and receive a certificate for a portion of the goods will be sold out of state so that those may be exempted from the Corporate Activities Tax. Farmers who sell their crops to processors do not currently qualify for the out-of-state resale certificate, even if their crops are resold outside of Oregon. This creates a disincentive to sell to Oregon-based processors, because some taxpayers are unable to obtain documentation needed to accurately calculate which portion of their crops are sold in-state v. out-of-state.

Again, about 98% of our product is sold outside of the state and it is almost all co-mingled with seed from other suppliers. Correcting this anomaly would remove the current incentive to sell to out of state buyers in order avoid the CAT tax.

Thank you for the opportunity to testify.

Roger Beyer