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## **HB 3158**

The North American Equipment Dealers Association is an international trade association representing approximately 4,500 farm, industrial and outdoor power equipment dealers in North America.

In Oregon, NAEDA represents 64 dealer locations. Those locations account for nearly 1,500 rural based employees in the state. Through the sale of equipment, parts, and service, our dealer members work in partnership with farmers and ranchers across Oregon to make them the most productive and competitive food producers in the world.

HB 3158 is an unwarranted and misguided tax on equipment dealerships and their customers. This legislation amounts to a sales tax on nonroad diesel equipment. Nearly every state that employs a sales tax exempts farm equipment from it. This bill would be diametrically opposed to a public policy ensconced in nearly every state across the country by singling out and imposing an additional tax on farm equipment.

There is good reason why states exempt the sale and lease of farm equipment from sales tax. First, abundant and low-cost food is an important public purpose. Additional costs such as sales taxes are eventually passed on to the consumer. Given the inflationary pressures on food that already exist, this tax would only increase food costs for Oregon consumers. Second, producers are price takers, not price makers. In a globally competitive market, any state imposing additional costs on their farmers and ranchers are exacting a direct cost that cannot be absorbed and puts their producers at a competitive disadvantage.

The tax imposed by HB 3158 would do nothing to change consumer behavior, but it would hurt Oregon businesses. The purpose of the bill is to presumptively encourage transition away from diesel engines, however the reality is that no substitutes exist for high powered nonroad diesel engines used in farming and construction. The only result of this tax would be an additional burden on Oregon businesses and farms without achieving the desired outcome.

For these reasons, we urge you to oppose HB 3158 in its entirety.

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North American Equipment Dealers Association