



We appreciate the opportunity to respond to House Bill 3158 and register our strong opposition.

Oregon Farm Bureau Federation (OFB) is the state's largest general agriculture association, representing more than 6,000 families engaged in farming and ranching across every county in Oregon.

OFB opposes HB 3158, which would levy countless new taxes on rural businesses - specifically, farmers, ranchers, and small woodland owners, in order to fund diesel engine replacements and retrofits in the densest areas of the state. Rural communities are not responsible for Portland's air quality, but HB 3158 puts that responsibility squarely, and inappropriately, on the backs of our members. **The proposed legislation taxes our tires, farm equipment, trucks, and the dyed diesel used in off-road equipment to grow food and fiber.** These taxes come at a time when many family farms and ranches are continuing to struggle with the devastation felt by inflation, COVID-19, wildfires, and a never-ending stream of regulations, taxes, and fees.

Farmers and ranchers rely on both on-and off-road equipment to get commodities to market. Agricultural equipment is expensive, highly specialized, and often utilized for a limited number of hours in a year. It is not economical for a family farm to purchase new equipment for every activity on the farm or a new truck to get commodities to market two weeks out of the year. That's why the proposed privilege and rental taxes hit our industry so hard.

Producers must use specialized equipment to produce commodities, but **HB 3158 taxes virtually every piece of equipment that is purchased, leased, or rented, as well as the tires needed to operate that equipment.** While we have not yet had an opportunity to calculate the potential fiscal impact of this bill to our industry; the cost would likely be substantial. Oregon's agricultural sector operates on extremely thin margins, and HB 3158 is just another burden on these working families.

We are also strongly opposed to the proposed tax on dyed diesel. HB 3158 targets off-road fuel used in farm equipment, imposing state fuel taxes on this federally exempt fuel. The reason that dyed diesel isn't subject to the state's fuel tax is because off-road equipment is not used on Oregon highways and roads. Food and fiber production is often fuel intensive, and many farmers will see a substantial increase in the cost of doing business in Oregon if this bill passes. **We strongly oppose this proposed tax increase on rural Oregonians to solve issues identified by those who live in urban areas of the state.**

The bill that ultimately passed in 2019 (HB 2007) focused on diesel regulations and investments in the tri-county metro area. Farmers, loggers, and small and independently operated fleets were exempted from the regulation because retrofit and replacement of working trucks was too expensive, and these industries are not big contributors to Portland's diesel particulate concerns, given their small footprint and rural locations. The year-long Diesel Task Force (authorized by HB 2007) also considered many of the concepts in this bill but chose not to proceed with these concepts because there was no consensus.

The timing could not be worse for a taxing proposal of this magnitude. What is the scope of the problem that HB 3158 is intended to solve? The scope of the problem has not been identified, nor has a workable solution. It is fundamentally unfair to saddle rural Oregon families with the cost of cleaning up urban air sheds.

We urge your opposition to HB 3158.

For questions regarding these comments, please contact Lauren Kuenzi (lkuenzi@oregonfb.org) on behalf of Oregon Farm Bureau Federation.

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