



NEWS

Oregon Legislature - House Democratic Caucus

FOR IMMEDIATE RELEASE

June 9, 2011

Contact Libby Batlan (503) 986-1940

Michael Cox (503) 986-1904

House Votes to Protect Farmers and Ag Co-ops from Unfair Taxes

SALEM – The Oregon House today unanimously passed HB 3058, which protects Oregon farmers and agricultural cooperatives from unfair taxes. HB 3058 is sponsored by Representatives Dave Hunt (D-Clackamas County), Bob Jenson (R-Pendleton), Greg Smith (R-Heppner) and Senator David Nelson (R-Pendleton).

“Farmers and agricultural cooperatives are an essential component of our state and local economies,” said Rep. Dave Hunt, the House Democratic Leader. “Agricultural cooperatives have a unique business model and should not be treated differently from corporations in other sectors.”

HB 3058 fixes a problem rooted in Oregon’s 2003 single sales factor law and the new structure of the corporate minimum tax, which unintentionally left agricultural cooperative organizations in a tough financial spot. Under state law, the gross receipts tax is levied twice on cooperatives. Once at the cooperative level, and then once more when the revenue is passed on to the cooperative’s members through patronage dividends.

HB 3058 puts an end to the double taxation by exempting business done with members or for members of an agricultural cooperative from the definition of “Oregon sale” in state statute.

“Oregon is a leading producer of wheat and other agricultural products,” said Rep. Bob Jenson. “Wheat cooperatives in my district operate on very narrow margins and HB 3058 will save them capital they sorely need.”

“Oregon’s wheat farmers are currently subject to double taxation under the gross receipts tax,” said Rep. Greg Smith. “By eliminating this double taxation, this bill will place Oregon’s wheat industry and other agricultural producers in line with other Oregon industries exporting out of the state. HB 3058 helps keep the wheat market competitive for one of Oregon’s most vital industries.”

Oregon is not breaking new ground by granting this exemption. Most other states that levy a gross receipts tax exempt cooperative organizations.

HB 3058 now moves to the Senate for consideration.

###