

## **Oregon Agriculture and Natural Resource Organizations Support Federal Tax Code Conformity**

On behalf of a coalition of Oregon agriculture and natural resource organizations, we write in strong opposition to the –4 amendment to SB 1507.

Our coalition strongly supports Oregon remaining connected to the federal tax code, particularly with respect to bonus depreciation and expensing for machinery and equipment. The proposal to disconnect from these federal provisions is deeply concerning for the producers and land managers we represent.

As the committee has heard, Oregon’s agriculture and natural resource sectors are already under significant economic stress. Producers face volatile markets, rising input costs, labor challenges, and increasing regulatory burdens. The majority of these operations are family-owned businesses, not large corporations, and they operate on thin margins with limited flexibility.

Disconnecting Oregon from the federal tax code would impose substantial complexity and compliance costs. Producers would be required to navigate two separate tax systems – maintaining different calculations, records, and reporting requirements – often resulting in higher professional and accounting costs. This added administrative burden provides no operational benefit and disproportionately impacts small and mid-sized operations.

The –4 amendment eliminates a critical investment tool relied upon by agriculture and natural resource industries: bonus depreciation and expensing for capital equipment. These sectors are inherently capital-intensive. Investments in tractors, harvest equipment, irrigation systems, refrigeration, processing infrastructure, forestry equipment, and other essential assets are necessary to maintain productivity, safety, and environmental efficiency.

Bonus depreciation is not a loophole. It is a timing mechanism that allows producers to manage cash flow and reinvest in their operations. At the state level, eliminating bonus

depreciation functions as a tax increase on investment, delaying upgrades and discouraging reinvestment at a time when producers are under pressure to improve efficiency and remain competitive.

Oregon's farmers, ranchers, foresters, and natural resource producers, those responsible for producing food, fiber, and renewable materials, cannot absorb additional tax burdens or administrative complexity. Major tax policy changes should not be pursued without fully recognizing their impacts on producers, their competitiveness, and the long-term consequences for consumers and rural communities.

When the cost of investment rises and tax compliance becomes more complex, Oregon's agricultural and natural resource industries are placed at a competitive disadvantage – not only within the region, but nationally and internationally.

For these reasons, our coalition urges the committee to reject provisions in the –4 amendment that disconnect Oregon from the federal tax code.