

OUR VIEW

Time to exempt ag from tax

Since it was passed by the Oregon Legislature last year as part of its education reform package, we've been hearing producers and vendors express concerns over the state's corporate activity tax.

The tax requires businesses that generate more than \$1 million annually to pay, in addition to their regular income tax, a 0.57% tax on that "excess" revenue. It is expected to raise \$2.8 billion over the 2021-2023 biennium for schools.

It is a gross receipts tax.

The plan is similar to the ill-fated Measure 97, an initiative petition voted down in 2016 that would have imposed on "C" corporations an additional 2.5% tax on gross receipts from sales in Oregon exceeding \$25 million. It would have raised \$3 billion per two-year budget cycle.

While the corporate activity tax is only slightly less ambitious than Measure 97 in terms of the revenue it seeks to raise, it sweeps far more businesses into its net. C and S corporations, partnerships, sole proprietorships and other entities are subject to the tax.

And any business that generates \$750,000 in revenue must register with the Oregon Department of Revenue.

Advocates like the gross receipts tax because they claim businesses use recognized deductions to avoid corporate income taxes.

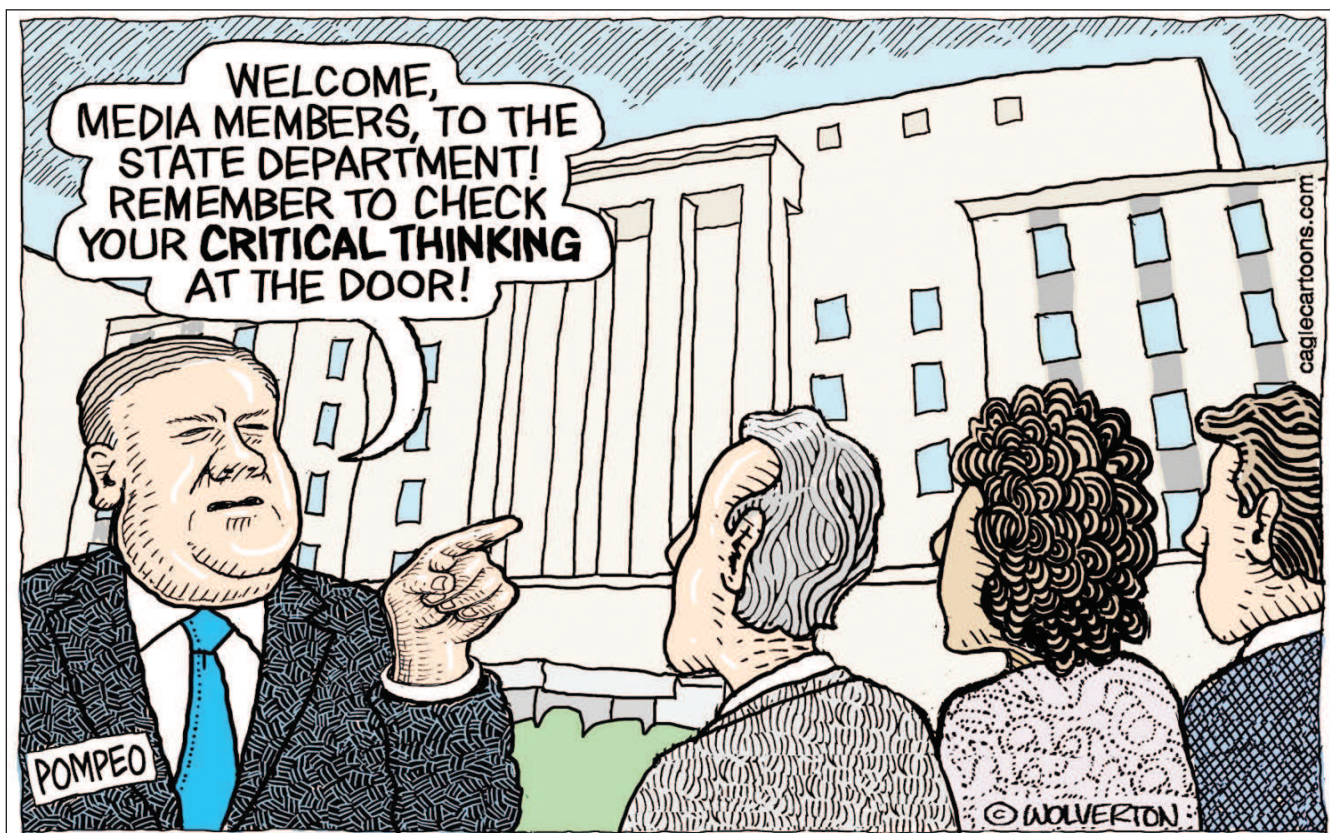
The biggest problem with a gross receipts tax is that it must be paid regardless of whether the business in question makes a profit. High-volume, low-margin businesses such as farming can be on the hook for a big tax bill without making a dime.

The impact of the tax is cumulative, with each vendor in a supply chain adding to its price to help cover the cost. The end user of a product — a farmer with a piece of farm machinery — pays the full load without necessarily being able to pass that expense along to whoever buys the crop.

The Legislature exempted out-of-state sales. In theory that should work in favor of Oregon agriculture, which sends as much as 80% of its product out of the state. But in reality, agricultural exports are often commingled — such as grain or berries that are sold to the same processor or wholesaler. That makes it difficult to certify what is actually exempt from the tax at the farm level.

The Oregon Farm Bureau is lobbying to get the Legislature to exempt agriculture from the tax. That would clear up the confusion and would also create an even playing field between producers who often don't have a say on where their products are sold.

We wish it luck, for once the state latches onto a tax dollar it is loath to let it go.



MY VOICE

Not fooled by the green-washing

Mitch Colburn of Idaho Power is touting the benefits of B2H again, but we're not fooled. His latest pitch is about economic development and green-washing. What's green-washing? It's when a corporation tries to sound "green," appealing to our concerns over climate and the environment, when in fact they do just the opposite.

Let's start with his rosy economic development comments. If you study their application to the state, you'll learn that 245 jobs might be created for about 4-6 months. Local people might be hired for 25% of these jobs: "clearing and road building, material haulers, restoration, and security." Perhaps the long-term jobs could get as high as 10; but that number is confidential. Yes, a maximum of 10 jobs.

Colburn hails the economic benefits of hotel bookings and restaurant meals, but for only four to six months. He doesn't mention the traffic, dust and noise from heavy equipment. Then he promises millions of dollars in local taxes, a pie in the sky number. Those numbers have never been confirmed by state or county revenue officers.

While there certainly will be some tax dollars, at what cost to you as a consumer? At least \$1.2 billion dollars along with an additional 6.7% guaranteed profit will come from ratepayers — just for construction. Then, for as long as the line is in use, your co-op (Bonneville Power Administration) will have to pay tariffs to use that "clean energy pipeline." More green-washing? Better to call it "Idaho Power's profit pipeline."

The real costs of the B2H have never been calculated: private property values diminished, tourism assets reduced, invasive weed management increased, lost income from farms and

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small timber producers, all generating less in local income and tax revenues. The intrinsic and qualitative costs: viewsheds marred, Oregon Trail defaced, wildlife habitat ruined, hunting grounds altered and recreation sites disturbed, have not been calculated and Idaho Power is counting on that. They also count on the fact that emphasizing their touted short term "benefits," will distract from the permanent negative consequences to our forests, farms, homes and resources.

If Idaho Power were actually more interested in a "green alternative" than in "green cash," they would be focusing on different investments:

- Upgrade the current 230kv lines

to 345kv on the same poles with the same corridor and enhance their fire-resiliency. Better for the climate and our security.

- Partner with customers and use our smart meters for more than just paying bills. Smart meters can help incentivize reducing energy during peak times and lots more. We could all work together to do it.

- Partner with industrial customers to use their steam (think frozen food factories) to produce energy and reduce their costs. But, Idaho Power doesn't want to partner with its customers.

- Investments should be made in community solar projects or commercial solar with battery storage near the existing substations (smoothing renewable power on to the grid).

There are many alternative investments that would make us more resilient and secure, and would be kinder to our life and resources than a 300-mile industrial scar on our landscape.

However, once again we have to read Idaho Power's public relations pitch about B2H. Until Idaho Power demonstrates support for a genuine "green agenda" by building renewables in their own backyard, creating green energy jobs for local people, using Idaho's sun, wind and hydro-resources, we will not be fooled by this green-washing.

We are East Oregonians working to protect our land preserve our heritage. It has taken a massive effort from hundreds of people over multiple years, and our resolve has not diminished. We invite anyone who believes that the resources, wildlife and people of this state should take precedence over an out of state, out-of-date, for-profit utility, to join our fight. For additional information, visit: StopB2H.org.

YOUR PUBLIC OFFICIALS

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