

# Ag industry gears up to oppose gross receipts tax

By PARIS ACHEN  
Capital Bureau

SALEM — The Oregon agricultural industry is gearing up for battle against a campaign to pass a corporate sales tax measure on the November ballot by shedding light on how the tax will affect individual companies and farmers.

Under Initiative Petition 28, the Mt. Angel-based Wilco farm supplies and fuel cooperative faces a 1,388-percent increase in its state corporate income tax bill, from \$168,000 to \$2.5 million per year, CEO Doug Hoffman said.

The tax would apply only to the \$100 million in sales at Wilco Farm Stores in Oregon; direct sales to the cooperative's 3,000 members are exempt, Hoffman said.

The ballot measure targets C corporations, imposing a 2.5 percent tax on their Oregon gross sales exceeding \$25 million. It's expected to raise



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Oregon agricultural interests say a ballot measure that would raise more than \$3 billion in new tax revenue a year will increase the costs of inputs for farmers.

about \$3 billion a year in new state revenue.

The nonpartisan Legislative Revenue Office says the tax will act largely as a consumption tax, raising prices for consumers and businesses.

The union-backed cam-

campaign A Better Oregon says the state needs that revenue to bolster support for education, health care and senior services. Proponents also note that corporations' income tax contributions to state revenue has declined as a percentage

from 18.5 in the mid-1970s to 6.7 now, according to a study by the Oregon Public Policy Center.

While the campaign says the tax targets big out-of-state corporations, it also affects some Oregon businesses with high sales receipts but relatively low profit margins, said Dave Dillon, executive vice president of the Oregon Farm Bureau.

Wilco typically nets income of 2.5 to 3.75 percent of gross sales, Hoffman said. In some years, such as 2009, the company doesn't make a profit. One reason he opposes IP 28 is that even companies that lose money have to pay the tax as long as their gross sales exceed \$25 million.

Supporters are unmoved. "A Better Oregon was specifically designed to protect farm co-ops and it won't raise taxes on the supplies farmers buy through their co-ops," said Katherine Driessen, a campaign spokeswoman.

"A Better Oregon was also designed to make large pesticide companies like Wilco and Monsanto pay their fair share in taxes. Based on the claims that Wilco has made, it has to do at least \$100 million in non-farm co-op sales. It can and should pay more to support or schools and critical services."

Dillon said those extra costs will be passed onto farmers.

The impact of the tax could be felt at every point of sale, as suppliers and retailers increase prices to cover their additional costs.

The gas and diesel that Wilco sells, for instance, changes hands several times before it gets to the end consumer, Hoffman said. By that time, the tax may push the cost up 5 to 7 percent, he said.

That will impact farmers who have to drive their products to market. The tax also will drive up the cost of fertilizer, farming equipment and

other necessities for producing and selling a crop, Dillon said.

"We are going to have folks out of work, and there isn't going to be an economy to pick them up," said Katie Fast, executive director of Oregonians for Food and Shelter.

The tax is estimated to slow growth in private sector jobs by 38,000 in the next five years, but public sector jobs would grow by 17,000 in the next five years, according to the Legislative Revenue Office.

A recent study by Portland State University, commissioned by A Better Oregon, found that the tax would boost public sector jobs by 33,600 by 2027 and slow growth in private sector jobs by 13,500.

"You don't see Wilco take a stand on many things," Hoffman said. "We believe we have the story that touches people in a small way. It will affect us and our consumers. We couldn't let it stand and suck it up and not get involved."

## New chairman: Washington potato industry reaches out to lawmakers

New chemical products, port protection vital, Calloway says

By MATTHEW WEAVER  
Capital Press

The Washington potato industry must work with lawmakers to ensure they are aware of farmers' needs, the new chairman of the state potato commission says.

Quincy, Wash., potato farmer Rex Calloway begins his one-year term as chairman of the Washington State Potato Commission executive committee July 1. He raises 900 acres of potatoes for the processing industry.

"We're in an election year, and obviously we're going to have new legislators probably come in," Calloway said. "It's important for the potato industry and agriculture in general to be in contact with our legislators. There's a lot of things in state government that will have a lot of bearing on the potato industry."

Calloway said farmers need to "conscious and proactive" when working with lawmakers, the better to help them understand agriculture's needs and work together.

"Education is a big part of that," he said. "Taxes and regulations, those things hurt us. Money is an issue, whether it's education, environmental or everything. Everything needs to function, but we also can't be taking away from the ag industry to support something else."

The commission's re-



Don Jenkins/Capital Press

Quincy, Wash., grower Rex Calloway, center, helps serve potatoes Feb. 10, 2015, in the Legislative Building in Olympia on Potato Day. The Washington State Potato Commission's director of industry outreach Matthew Blua, left, and director of marketing and industry affairs, Ryan Holterhoff, also served up spuds. Calloway will serve a one-year term as chairman of the commission board.



Courtesy Washington State Potato Commission

Quincy, Wash., farmer Rex Calloway takes over as chairman of the Washington State Potato Commission executive committee from Mike Dodds, raw material and environmental manager at Basic American Foods in Moses Lake, Wash.

search commitment is strong with a tri-state consortium in

Washington, Idaho and Oregon universities. Calloway said that will continue, with the development of products that work for farmers and are environmentally sound, in the face of more environmental regulations on chemicals.

"We need to continue to be good stewards of those products, use them correctly and protect what we have," he said.

Calloway said the commission's efforts will continue to support existing markets and

develop new ones. The commission will continue to work with federal legislators to protect ports and avoid further labor issues, such as a slowdown in West Coast container ports in 2014.

"We can't afford to go through that again," Calloway said.

Calloway praised the state's potato farmers for their involvement whenever confronted with a problem.

"We have everything we need in the Northwest to raise a great crop — great ground, great climate and water," he said. "We need to (recognize) what we have, take care of what we have and help protect it."

Calloway replaces Mike Dodds as chairman. Other members are first vice chair Stacy Kniveton of Pasco; second vice chair Roger Hawley of Burlington; secretary Mike Madsen of Plymouth; and treasurer Derek Davenport of Pasco.

Nelson Cox of Warden and Darrin Morrison of Mount Vernon both stepped down from the board after eight years and 12 years, respectively, according to a potato commission press release.

## USDA continues to prime trade with Cuba

By CAROL RYAN DUMAS  
Capital Press

Anticipating action in Congress to restart agricultural trade with Cuba after a long hiatus, USDA is working to put the pieces in place that will lead to greater opportunity for U.S. farmers.

The island nation of 11 million people imported almost \$2 billion in agricultural goods in 2014, including \$300 million from the U.S. But those numbers were down in 2015, dropping 48 percent to \$148.8 million, and a steep decline from the more than \$600 million in 2008, USDA Acting Deputy Under Secretary Michael Scuse said in conference call with the press on June 28.

"We've seen a tremendous drop in trade," he said.

Agriculture has been limited by cash-only trade, unable to use the trade promotion and credit assistance programs that are "hugely successful" in trade with other countries, he said.

"Those are tremendous barriers. If we can eliminate those barriers, I think we'll see a tremendous increase in our exports to Cuba," he said.

Agriculture is going to be key in trade between the nations, but Congress has to make legislative changes to allow things to move forward, he said.

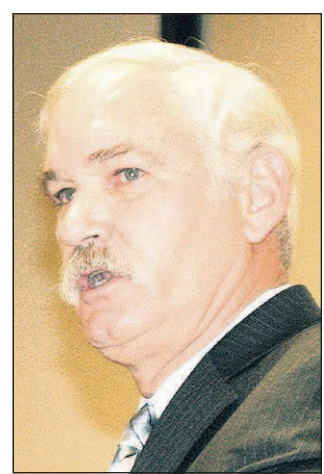
The Senate Appropriations Committee took major steps in that direction last week, including voting to lift the bans on export financing and travel to Cuba, Scuse said.

"We're hopeful the House will agree to the measures put forth in the Senate," he said, adding that he thinks more members of Congress are seeing the need.

Meanwhile, USDA is moving forward, laying the groundwork that will help restart long-dormant agricultural relationships, he said.

USDA and the Cuban Ministry of Agriculture have signed an memorandum of understanding to increase bilateral cooperation in agriculture, and USDA sent a technical team to Cuba to identify those areas.

USDA is also authorizing 22 commodity research and promotion programs to use funding



Capital Press file

Michael Scuse, USDA Undersecretary of farm and foreign agricultural services, said the U.S. is working to open doors for agricultural trade with Cuba.

for information-exchange activities with Cuba and so far has received 11 requests to participate in that program, he said.

The agency is also working with the State Department to establish a presence in the country, which is crucial to effective trade relations, he said.

Many state departments of agriculture in the U.S. have been working on relationships with Cuba since 2002, and numerous state delegations have traveled to the country over the past year to try to build relationships with Cuban government officials, he said.

USDA also recognizes the need for companies and industry representatives to visit the country and build a foundation for trade, he said.

Sitting just 90 miles off the southeast coast of the U.S., Cuba offers plenty of opportunity for U.S. ag products. The U.S. has a huge advantage over competitors — if nothing else, just in transportation costs, he said.

Poultry, soybean oil, soybeans and corn currently represent the majority of U.S. ag exports to Cuba, but there is plenty of opportunity for other products. Rice is one with perhaps the highest potential, given Cuba's per-capita consumption of the grain. Fruits and vegetables also offer a lot of potential, with demand expected to rise with the influx of U.S. tourists, he said.

## Environmentalists fail to stop Idaho logging project

By MATEUSZ PERKOWSKI  
Capital Press

Environmentalists have failed to persuade a federal judge to block the first phase of a logging project in Idaho's Payette National Forest.

The Alliance for the Wild Rockies, Idaho Sporting Congress and Native Ecosystems Council filed a lawsuit against the U.S. Forest Service last year over the 80,000-acre Lost Creek/Boulder Creek Restoration Project.

The agency approved the project to improve forest conditions and reduce wildfire risk, but the environmental groups claim

the decision violates the National Environmental Policy Act.

The plaintiffs requested a temporary restraining order to stop the initial 1,000-acre timber sale in the project area, which is to begin imminently, but U.S. District Judge Edward Lodge has denied that motion. Lodge found that the plaintiffs are unlikely to prevail on their claims that the Forest Service didn't adequately analyze the project's environmental impacts under NEPA.

The environmental groups also haven't shown they'd suffer specific irreparable harms from the timber sale or that a temporary restraining order would benefit the public, he said.



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