SB 1593 Oppose Agricultural Workforce Housing Tax Credit Expansion

Testimony for Senate Finance and Revenue

This bill is the second biggest case of tax break overreach so far this session. (SB 1565 gets first place)

SB 1593 expands the current tax credits from capital costs to operational cost, defined as "**costs of electricity, gas, oil, water, sewer service, repair and maintenance necessary to operate agriculture workforce housing" and a**pplies to proposed and **existing** housing.

In former times, farmers provided at their own cost, the housing, utilities, etc. for temporary agricultural workers, without those benefits, they would choose another farm. Now the public subsidizes much of the housing for both permanent and temporary workers. **But tax credits for housing have always been limited to capital costs, and that's how it should remain.**

However, since the bill has the an appropriate relating clause - *Relating to tax credits for agriculture workforce housing* -- **now is the time to draft an amendment that solves problems with this tax credit.**

1) Establish pricing rules for this transferable tax credit. Use the same pricing rules on these transferable tax credits as used for energy tax credits, and
2) Require tax reporting to the taxing authorities so the tax credit value received by farmers or tax credit purchasers is clearly reported to taxing agencies as income.

According to reporter Hillary Borrud, the state has issued approximately $38M in agricultural worker/farmworker housing tax credits since 1997, and most — $33M — went to nonprofits, churches and governments that could only benefit if they sold them. There are no price regulations for these agricultural tax credits and the Oregon Housing and Community Services is not required to track prices or buyers, nor does it do so. However, based on the limited data OHCS happened to have and info provided voluntarily by one of the nonprofits that assists with lining up farmworker housing financing, the credits have sold for 53 cents to 77 cents on the dollar.

A better long term option is to end these transferable tax credits and fund these organization through the budget process

These social issues should be treated as budget items, subject to the same ebb and flow of state revenue as are k-12 and college funding, recidivism and human service funding and department line items. Providing transferable tax credits to non-profits and government entities for energy projects and low income housing is bad policy.