

REVENUE: Revenue statement issued

FISCAL: May have fiscal impact; statement not yet issued

Action: Do pass and be referred to Committee on Ways and Means by prior reference

Vote: 8-0-1

Yeas: Berger, Bruun, Butler, Olson, Read, Rosenbaum, Witt, Barnhart

Nays:

Exc.: Gelser

Prepared By: Mary Ayala, Economist

Meeting Dates: 4/23, 5/4

WHAT THE BILL DOES: Creates a privilege tax of 2 cents per thousand board feet of merchantable forest products for the purpose of administering the Oregon smoke management plan in an amount not to exceed 40% of the total expenditures approved by the Legislative Assembly for this purpose. Applies to the Forest Products Harvest Tax reporting periods beginning on or after January 1, 2008. In addition, and not in lieu of other appropriations, there is appropriated to the State Forestry Department for the purpose of forest smoke management, \$240,000 for the biennium beginning July 1, 2007. Takes effect 91 days after sine die.

SISSUES DISCUSSED:

- The need for a broader funding source for Oregon's Smoke Management System (SMS).
- The current Smoke Management System is funded entirely by burn fees and related contracts.
- The proposed funding will rely on burn fees (50%), the proposed tax (20%) and the General Fund (30%) 30%.

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: The Oregon Smoke Management Plan, developed as a voluntary program in 1969, was subsequently adopted as a regulatory program by the State Forester and the Environmental Quality Commission in 1972. The plan which applies to state, federal and private forestland in Oregon, currently includes mandatory smoke management constraints for burning in western Oregon, the Deschutes National Forest Mount Hood National Forest and federal forest lands in Northeastern Oregon. Voluntary programs are in effect in the Klamath Falls and Lakeview areas.