

House Bill 3468

Sponsored by COMMITTEE ON ENERGY AND THE ENVIRONMENT

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Creates privilege tax for harvesting merchantable forest products for purpose of administering Oregon smoke management plan. Directs that moneys from privilege tax be transferred to Oregon Forest Smoke Management Account.

Applies to tax reporting periods and revenue distributions beginning on or after January 1, 2008. Appropriates moneys from General Fund to State Forestry Department for purpose of forest smoke management.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to privilege taxes for smoke management; creating new provisions; amending ORS 321.015,
3 321.017, 321.145, 321.152 and 477.560; appropriating money; prescribing an effective date; and
4 providing for revenue raising that requires approval by a three-fifths majority.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 321.015 is amended to read:

7 321.015. (1) For the calendar years beginning January 1, 2006, and January 1, 2007, there is
8 levied a privilege tax of 67 cents per thousand feet, board measure, upon taxpayers for the privilege
9 of harvesting of all merchantable forest products harvested on forestlands. Subject to ORS 321.145,
10 the proceeds of the tax shall be transferred as provided in ORS 321.152 (2) to the Forest Research
11 and Experiment Account for use for the forest resource research, experimentation and studies de-
12 scribed in ORS 526.215 and for the Forest Research Laboratory established under ORS 526.225.

13 (2) Except as provided in ORS 477.760, in addition to the tax levied by subsection (1) of this
14 section, there hereby is levied a forest products harvest tax upon taxpayers of 50 cents per thousand
15 feet, board measure, for the privilege of harvesting all merchantable forest products harvested on
16 forestlands for the payment of benefits related to fire suppression as provided in ORS 321.005 to
17 321.185, 321.560 to 321.600 and 477.440 to 477.460.

18 (3) For the calendar years beginning January 1, 2006, and January 1, 2007, in addition to the
19 taxes levied under subsections (1) and (2) of this section, there hereby is levied a privilege tax upon
20 taxpayers for the privilege of harvesting all merchantable forest products harvested on forestlands
21 in the amount of 55 cents per thousand feet, board measure, for the purpose of administering the
22 Oregon Forest Practices Act in an amount not to exceed 40 percent of the total expenditures ap-
23 proved by the Legislative Assembly for this purpose, including salary adjustments approved by the
24 Legislative Assembly for fiscal years 2006 and 2007.

25 **(4) In addition to the taxes levied under subsections (1) to (3) of this section, there hereby**
26 **is levied a privilege tax upon taxpayers for the privilege of harvesting all merchantable forest**
27 **products harvested on forestlands in the amount of two cents per thousand feet, board**
28 **measure, for the purpose of administering the Oregon smoke management plan described in**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **ORS 477.013 and 477.552 to 477.562, in an amount not to exceed 40 percent of the total**
 2 **expenditures approved by the Legislative Assembly for this purpose, including salary adjust-**
 3 **ments approved by the Legislative Assembly.**

4 [(4)] (5) Subject to subsection [(5)] (6) of this section, the taxes shall be measured by and be
 5 applicable to each per thousand feet, board measure, on the total quantity of forest products har-
 6 vested in this state measured by use of any log scale which is or may be in general use in the log-
 7 ging industry and which is designed to measure total volume of merchantable forest products in
 8 board feet. However, if the Department of Revenue finds that the scale used by any taxpayer in
 9 computing the taxes due under ORS 321.005 to 321.185 and 321.560 to 321.600 does not accurately
 10 reflect the total quantity of merchantable forest products harvested by the taxpayer, it may require
 11 the taxpayer to adopt another log scale in general use in the industry which in the department's
 12 opinion will accurately reflect merchantable harvest in board feet.

13 [(5)] (6) The first 25,000 feet, board measure, of forest products harvested annually by any tax-
 14 payer during each calendar year shall be excluded from the total quantity of harvested forest pro-
 15 ducts that constitutes the measure of the taxes under ORS 321.005 to 321.185 and 321.560 to 321.600.

16 **SECTION 2.** ORS 321.152 is amended to read:

17 321.152. (1) Subject to ORS 321.145 (2), moneys remaining in the Department of Revenue's sus-
 18 pense account referred to in ORS 321.145 on February 10, May 10, August 10 and November 10 of
 19 each year shall be transferred to the various appropriation accounts described in subsections (2),
 20 (3) and (4)] **to (5)** of this section.

21 (2) That part of the moneys derived from taxes levied by ORS 321.015 (1) shall be transferred
 22 to the Forest Research and Experiment Account described in ORS 321.185.

23 (3) That part of the moneys derived from taxes levied by ORS 321.015 (3) shall be transferred
 24 to the State Forestry Department Account referred to in ORS 526.060. Notwithstanding ORS 291.238,
 25 the moneys transferred to the State Forestry Department Account under this section are appropri-
 26 ated continuously for and shall be used by the State Forester, under the supervision and direction
 27 of the State Board of Forestry, for the purposes of administering the Oregon Forest Practices Act
 28 and the forest practices monitoring program.

29 (4) That part of the moneys derived from taxes levied by ORS 321.015 (2) shall be transferred
 30 to the Oregon Forest Land Protection Fund described in ORS 477.750.

31 **(5) That part of the moneys derived from taxes levied by ORS 321.015 (4) shall be trans-**
 32 **ferred to the Oregon Forest Smoke Management Account described in ORS 477.560.**

33 **SECTION 3.** ORS 477.560 is amended to read:

34 477.560. (1) The Oregon Forest Smoke Management Account is established separate and distinct
 35 from the General Fund in the State Treasury.

36 (2) The following moneys shall be credited to the Oregon Forest Smoke Management Account:

37 (a) Nonrefundable registration fees received by the State Forestry Department for Class 1
 38 forestland under ORS 526.324 to be burned lying within the restricted area described under ORS
 39 477.013.

40 (b) Fees received by the State Forester for Class 1 forestland under ORS 526.324 treated by a
 41 prescription burn method under ORS 477.515 (1).

42 (c) Fees for federal forestland included within the restricted area under ORS 477.013 to be
 43 treated by any prescription burn method subject to the provisions of the State of Oregon Clean Air
 44 Act Implementation Plan and the federal Clean Air Act received by the State Forester.

45 **(d) Moneys transferred to the account under ORS 321.152 (5).**

1 (3) The moneys in the Oregon Forest Smoke Management Account are appropriated contin-
2 uously for and shall be used by the State Forester exclusively for the administration of the smoke
3 management program approved under ORS 477.013 and 477.554.

4 **SECTION 4.** ORS 321.017 is amended to read:

5 321.017. (1) In addition to the taxes levied under ORS 321.015 (1) to [(3)] (4), there hereby is
6 levied a privilege tax upon taxpayers on the harvesting of all merchantable forest products har-
7 vested on forestlands in the amount provided in subsection (2) of this section.

8 (2) The rate of tax levied in subsection (1) of this section shall be established annually at the
9 beginning of each calendar year by the board of directors of the institute, at a rate not to exceed
10 75 cents per thousand feet, board measure, on all merchantable forest products harvested on
11 forestlands. The maximum tax rate prescribed by this subsection may be increased by the board of
12 directors in an amount equal to the previous year's increase in the Consumer Price Index (Portland
13 area -- all items) as published by the Bureau of Labor Statistics of the United States Department
14 of Labor for the Portland, Oregon, area.

15 (3) The tax shall be measured by and be applicable to each per thousand feet, board measure,
16 and such shall be subject to and determined by the procedures and provisions of ORS 321.015 [(4)]
17 (5) and [(5)] (6).

18 (4) The tax levied by subsection (1) of this section shall be due and payable to the Department
19 of Revenue in the manner and procedure, including penalties and interest, as set forth for the col-
20 lection of the privilege tax in ORS 321.005 to 321.185.

21 (5) The revenue from the tax levied by subsection (1) of this section shall be remitted to the
22 State Treasurer who shall deposit it in a suspense account established under ORS 321.145 (1). After
23 payment of refunds, which shall be paid in the same manner as other forest products harvest tax
24 refunds are paid in ORS 321.145 (2), the balance of the additional tax imposed under subsection (1)
25 of this section shall be deposited in the Oregon Forest Resources Institute Fund.

26 **SECTION 5.** ORS 321.145 is amended to read:

27 321.145. (1) The revenue from the taxes levied by ORS 321.005 to 321.185 and 321.560 to 321.600
28 shall be remitted to the State Treasurer, who shall deposit it in a suspense account established un-
29 der the provisions of ORS 293.445.

30 (2) Notwithstanding the provisions of ORS 291.238, the amount of moneys necessary to pay re-
31 funds of the taxes levied under ORS 321.015 (1) to [(3)] (4) hereby is appropriated continuously to
32 the Department of Revenue from the suspense account referred to in subsection (1) of this section,
33 and shall be used by the department for the payment of all refunds of taxes levied under ORS
34 321.015 (1) to [(3)] (4) that have been audited and approved by the department. Any penalties, in-
35 terest and taxes then due from the taxpayer shall be applied in that order in computing any refund,
36 and only the balance due the taxpayer, if any, shall be refunded. The department shall on its records
37 charge each refund against the revenue from the tax with respect to which the refund is made.

38 **SECTION 6. In addition to and not in lieu of any other appropriation, there is appropri-**
39 **ated to the State Forestry Department, out of the General Fund, for the biennium beginning**
40 **July 1, 2007, the amount of \$240,000 for the purpose of forest smoke management.**

41 **SECTION 7. The amendments to ORS 321.015, 321.017, 321.145, 321.152 and 477.560 by**
42 **sections 1 to 5 of this 2007 Act apply to forest products harvest tax reporting periods begin-**
43 **ning on or after January 1, 2008, and to forest products harvest tax revenue distributions**
44 **occurring on or after January 1, 2008.**

45 **SECTION 8. This 2007 Act takes effect on the 91st day after the date on which the reg-**

1 **ular session of the Seventy-fourth Legislative Assembly adjourns sine die.**

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