

Joint Committee on Ways and Means

Carrier – House: Rep. Jenson
Carrier – Senate: Sen. Walker

Revenue: Revenue statement issued

Fiscal: Fiscal statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote:

House

Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Garrard, Gilman, Jenson, Kotek, Nathanson, Richardson, Shields, G. Smith

Nays:

Exc:

Senate

Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett

Nays:

Exc: Winters

Prepared By: Susie Jordan, Legislative Fiscal Office

Meeting Date: 6/19, 6/22

WHAT THE MEASURE DOES: Extends the period for which forest products harvest taxes are imposed and establishes rates for the extended period. Maintains the current \$.625 rate that generates funds for payments of benefits related to fire suppression. Provides \$.77 rate temporary forest products harvest tax to forest products harvested in calendar years 2010 and 2011 to maintain the current cost share between the general public (60%) and forest land owners (40%) and adds a provision for an additional \$.37 rate to raise additional revenues for field program expenses during the 2009-11 biennium. The Measure extends the tax rate for forest research and experimentation; and changes the rate of tax for administration of Oregon Forest Practices Act.

ISSUES DISCUSSED:

- Amount of Revenue the additional 37 cents generates for stewardship foresters
- Relationship to Department of Forestry Budget for Forest Practices

EFFECT OF COMMITTEE AMENDMENT: Sets harvest tax for Forest Research Laboratory at \$0.92 per thousand board feet. Sets harvest tax for Forest Practices at total of \$.77 per thousand board feet. Establishes a one time additional harvest tax of \$.37 per thousand board feet for the 2009-11 biennium.

BACKGROUND: Under current law, the temporary forest products harvest tax is extended by the legislature each session for the following two calendar years. The tax funds 40% of the Department of Forestry's Forest Practices program, approximately 50% of the Department of Forestry's Service Forestry program, and provides revenue for the Forest Research Laboratory at Oregon State University. Harvest tax revenues are also used to support the Department of Forestry's fire protection program and the Oregon Forest Research Institute. The tax is measured per thousand board feet of harvest timber.

As of July 2004, all privately owned forestlands are subject to the Forestland Products Harvest Tax unless owners elected to have qualified parcels taxed under the Small Tract Forestland Program. Parcels taxed under the Oregon Forestland Program, as opposed to the Small Tract Forestland Program, are specially assessed at the lesser of its maximum assessed value or specially assessed value, as determined by the Department of Revenue.

Prior to the 1999-01 biennium, the Department of Forestry's service forestry program received only General Fund and small woodlot owners were exempt from paying harvest tax on the first 25,000 board feet of harvest. The 1999-01 budget provided harvest tax for service forestry in the amount of \$.15 per thousand and the exemption on the first 25,000 board feet harvested was removed. In the 2001-03 biennium the exemption on the first 25,000 board feet harvested was re-established and eliminated \$.15 per thousand board feet harvest tax for Nonindustrial Private

Landowner Assistance. In 2003-05, the Legislature adopted a \$.67/1,000bf rate for the Forest Research Institute. A \$.50/1,000bf rate was approved for fire suppression activities. A \$.79/1,000bf rate for administration and for forest practices covered the cost of studies funded by the Department of Forestry. A \$.99/1,000bf rate was approved for the Forest Institute. In 2003-05 the Forest Products Harvest Tax totaled \$11.9 million. In 2005-07, the Legislature retained the \$.67/\$1,000bf rate for the Forest Research Institute; \$.50/1,000bf rate for fire suppression and a .59/1,000bf for administration of the Forest Practices Act. In 2007-09, the Legislature adopted a \$.92/1,000bf rate for the Forest Research Institute, \$.625/1,000bf rate for fire suppression activities, and \$1.14/1,000bf rate for administration of the Forest Practices Act was approved.