

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

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<b>Action:</b>	Do Pass and Be Referred to the Committee on Revenue by prior reference
<b>Vote:</b>	8 - 0 - 0
<b>Yeas:</b>	Beyer, Gilliam, Krieger, Roblan, Schaufler, VanOrman, Wingard, Clem
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Cheyenne Ross, Administrator
<b>Meeting Dates:</b>	3/24, 4/9

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**WHAT THE MEASURE DOES:** Extends the period for which forest products harvest taxes are imposed and establishes rates for the extended period. Applies to harvest tax reporting periods beginning on or after January 1, 2010.

**ISSUES DISCUSSED:**

- Reassessment of rates every two years based on final budget levels
- Dramatic decline of harvests due to lack of demand will also effect rate
- Provides forestry research to the entire state
- The industry, historically supportive, now wants to keep every dollar due to the economy, especially as other parts of governor's budget proposal may succeed and cause the industry to pay more elsewhere
- The variety of taxes, combined with low current market demand, provide little incentive to manage forests
- Tax is on volume rather than value, so it is especially difficult in lean years for low-value timber harvesters
- Forestry even less valuable if no manufacturer able to remain in-state
- Concern about fairness/equity as between general fund and landowners
- Need to understand the cumulative effect of all the various taxes, not one tax in isolation

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** Under current law, the forest products harvest tax expires and must be extended by the Legislative Assembly each session for the following two calendar years. The tax provides funding for the Department of Forestry's forest practices program and the Forest Research Laboratory at Oregon State University. The tax rates established each session are set on a "per thousand board feet harvested" basis and are calculated with consideration to the current biennium ending balance, projected budget requirements for the next biennium and forecasted harvest levels.

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*This summary has not been adopted or officially endorsed by action of the committee.*