

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2124 - A

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal Office

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Reviewed by:
Date: June 8, 2011

Measure Description:

Extends privilege taxes on merchantable forest products harvested on forestlands.

Government Unit(s) Affected:

Department of Forestry, Oregon University System

Local Government Mandate:

This bill [may] [does not] affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis: The measure extends the period for which forest products harvest taxes are imposed and establishes rates for the extended period. The period extended to forest products harvested in calendar years 2012 and 2013. The measure sets the tax rate for support of the forest research and experimentation at the Forest Research Laboratory at Oregon State University, and the rate of tax for administration of the Oregon Forest Practices Act. The forest products harvest taxes are collected by the Department of Revenue, and actual tax receipts are transferred to the Department of Forestry and to the Oregon University System on a quarterly basis.

The Legislative Fiscal Office notes that the taxes imposed in this measure are set at a rate to coordinate with the agencies approved budgets and projected harvest levels.

The 2009-11 harvest tax reflected the decline in General Fund budget levels by means of establishing a \$.77 rate to maintain the 60% general public share to a 40% private land owner share and added \$.37/1000bf to provide an additional \$1.4 million to restore reductions in the administration of the Forest Practices Act that would otherwise have occurred. This additional harvest tax amount maintained the current rate for private land owners. Harvest tax revenues also support the Departments of Forestry's fire protection program and provide revenue for the Forest Research Laboratory at Oregon State University. The harvest tax rates are set at a level to coordinate with the agency approved budgets and projected harvest levels.

The measure extends the temporary forest products harvest tax to forest products harvested in calendar years 2012 and 2013, maintains the tax rate for funding the Forest Research Laboratory at \$0.8739; and increases the rate of tax for administration of Oregon Forest Practices Act from \$1.1456 to \$1.2953. All rates are per thousand board feet of merchantable forest products harvested.

The approved budget financed by the Harvest Tax for the Forest Research Laboratory is \$5.9 million. The bill will provide approximately \$3,673,515 of tax revenue to the Forest Research Laboratory in the 2011-13 biennium if the tax is paid on all timber harvested at the estimated projections. The balance of the revenue requirement will come from three quarters of revenue at the prior rate estimated at a total of \$2.24 million.

The approved budget financed by the Harvest Tax for Forest Practices is \$8.4 million. At the \$1.2953 rate, harvest taxes will yield \$5.4 million revenue. The balance of the revenue requirement will come from the beginning balance and three quarters of revenue at the prior rate estimated at a total of \$3 million.

The harvest level forecast for the 2011-13 biennium is projected to be approximately 14.5% more than the 2009-11 level or 6.6395 billion board feet and takes into consideration the current national housing market situation.