

**76TH OREGON LEGISLATIVE ASSEMBLY
2012 Regular Session
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: HB 4005 - A4
CARRIER:**

**REVENUE: Revenue Impact Statement Issued
FISCAL: Fiscal Impact Statement Issued**

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Christine Broniak, Economist

Meeting Dates: 2/15, 2/20, 2/22

WHAT THE BILL DOES: Establishes credit against income taxes for current market value of any livestock that belongs to taxpayer and is killed by a wolf. Establishes taxpayer must submit evidence that includes finding by Department of Fish and Wildlife (ODFW) or by peace officer that wolf was probable cause of loss. Stipulates tax credit be reduced by any amount taxpayer has already received as compensation for killed livestock. Establishes if tax credit exceeds taxes for year amount of excess shall be refunded to taxpayer. Applies to tax years beginning on or after January 1, 2012. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- County compensation program.
- Predator losses of livestock and pets

EFFECT OF COMMITTEE AMENDMENTS: Removes cougars from the list of predators for which livestock owners may be compensated. Requires the ODFW to administer the compensation program and limit compensation to \$15,000 per year. Establishes a sunset of the compensation program for the tax year before January 1, 2019 for animals killed after June 30, 2018. Establishes the sunset at any point in which the wolf is removed from the Oregon Endangered Species List.

BACKGROUND: In 2010, there were at least 14 known adult wolves residing in Oregon. In 2005, the Oregon Fish and Wildlife Commission adopted a Wolf Conservation and Management Plan to "ensure the conservation of gray wolves as required by Oregon law while protecting the social and economic interests of all Oregonians." The plan includes provisions for monitoring and managing populations, developing education and communication programs, and responding to wolf interactions with wildlife, humans, and livestock. The Legislature passed House Bill 3560 in 2011 which created the Wolf Compensation and Proactive management Fund (Fund.) The Department of Agriculture (Department) finalized administrative rules for the Fund at the end of 2011. Moving forward interested counties will establish county advisory committees, programs and a compensation plan. Once these elements are in place, counties can submit grant applications to the Department. The deadline for this round of grant applications is February 15, 2012. The soonest the Department would be able to fund approved county requests would be March, 2012.

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House Bill 4005 A4 establishes a tax credit for the owner of a livestock that is verifiably killed by a wolf. The Act stipulates that the tax credit must be reduced by any amount that the taxpayer has already received as compensation for the killed livestock.

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
**Seventy-Sixth Oregon Legislative
Assembly**
2012 Regular Session
Legislative Revenue Office

Bill Number:	HB 4005 – A4
Revenue Area:	Natural Resources
Economist:	Chris Allanach, Christine Broniak
Date	2/21/12

Measure Description: Allows a tax credit against personal income tax, corporate excise tax, or corporate income tax for individuals or companies with livestock killed by wolves applying to tax years beginning on or after January 1, 2012 and before January 1, 2019. Reduces the amount of such credit by any amount paid by any wolf predation loss compensation program in place in the county. Limits the annual amount of compensation for wolf damage to \$15,000 on a first come first served basis.

Revenue Impact: (In Millions)

	2011-13	2013-15	2015-17
General Fund	-\$ 0.01	-\$ 0.03	-\$ 0.03

Impact Explanation:

The wolf population in Oregon has been growing, with four documented breeding pairs and management objectives to reach 7 breeding pairs in both Eastern and Western Oregon. Population estimates per breeding pair are 14.8 wolves per pair. Based on depredation levels in other states, an average of 5 sheep and 5 cattle are anticipated to be lost each year in Northeast Oregon. With market prices of \$122 per head of sheep and \$850 per head of cattle, the annual loss is roughly \$4,860. Other livestock such as horses, mules, goats, and any furbearing mammal bred commercially within pens, cages, or hutches do not have detailed depredation information. Assuming these additional animals will account for 50% of the losses in a given year, total losses for 2012 would be an estimated \$9,720. As wolves propagate across the state, the growth in wolf population along with an expansion of livestock subject to predation will result in an increase in depredation over the next three biennia.

The measure also reduces any tax credits by any amount compensated under the county wolf depredation compensation and financial assistance grant program. ORS 610.150 directs the State Department of Agriculture to establish the program to assist livestock producers who experience confirmed wolf losses. The program would be funded through the Wolf Management Compensation and Proactive Trust Fund for counties who wish to establish it.

Creates, Extends, or Expands Tax Expenditure: **Yes** **No**

The purpose of this legislation is to provide ranchers/farmers fair compensation for kills of their livestock (cattle, sheep, goats, and other ungulates) by wolves while wolves are protected by the state's endangered species listing, or any other administrative rule.

Prepared by: John Terpening
Reviewed by: Laurie Byerly, Paul Siebert, Doug Wilson
Date: 2-21-2012

Measure Description:

Establishes credit against income taxes in compensation for loss of livestock due to cougar or wolf depredation.

Government Unit(s) Affected:

Department of Revenue, Oregon Department of Fish and Wildlife, Oregon State Police

Analysis:

The proposed legislation has been determined to have
MINIMAL EXPENDITURE IMPACT
on state or local government.

While this individual measure has a "Minimal" fiscal impact, an agency may incur a net fiscal impact greater than minimal depending on the cumulative impact of all measures enacted into law that affect the agency.