

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

<b>Bill Number:</b>	<b>HB 4005 – C</b>
<b>Revenue Area:</b>	<b>Natural Resources</b>
<b>Economist:</b>	<b>Chris Allanach, Christine Broniak</b>
<b>Date</b>	<b>2/27/12</b>

**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 \$37,500 on a first come first served basis. Ends the tax credit if wolves are delisted from the state endangered species list.

**Revenue Impact: (In Millions)**

	<b>2011-13</b>	<b>2013-15</b>	<b>2015-17</b>
<b>General Fund</b>	-\$ 0.01	-\$ 0.03	-\$ 0.04

**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. A removal of wolves from the state endangered species list would discontinue this credit. If that were the case, revenue impacts would drop to zero. Projections are made with the assumption that this will not happen in the period prior to 2018.

The amount of this increase is estimated using the rate of confirmed depredations in other areas during the expansions of their wolf populations as reported by the United States Fish and Wildlife Service.

<b>Oregon's Estimated Annual Losses of Livestock to Wolves</b>					
<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 9,720	\$14,771	\$19,145	\$20,019	\$23,379	\$32,540

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 and 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.