

**77TH OREGON LEGISLATIVE ASSEMBLY  
2013 REGULAR SESSION  
STAFF MEASURE SUMMARY  
HOUSE REVENUE COMMITTEE**

**MEASURE:** HB 2555 -1  
**CARRIER:**

**REVENUE:** May have revenue impact; statement not yet issued

**FISCAL:** May have fiscal impact; statement not yet issued

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**Action:**

**Vote:**

**Yeas:**

**Nays:**

**Exc.:**

**Prepared By:** Christine Broniak, Economist

**Meeting Dates:** 3/26

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**WHAT THE BILL DOES:** Establishes a new severance tax on timber harvested in the state. Appropriates three percent of the revenue to the Department of Revenue for administration costs. Creates the Oregon Timber Industry Subsidy Account. Requires moneys from the account to be used in paying a refundable credit for the processing of logs in Oregon. Provides that moneys go to counties in proportion to the severance taxes collected by each county. Requires the taxpayer to gain a written certification of eligibility from the State Forester to receive the credit.

**ISSUES DISCUSSED:**

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**EFFECT OF COMMITTEE AMENDMENTS:** Sets the privilege tax at \$15 per thousand board feet for timber harvested in Oregon. In addition to the three percent of revenue allocated to the Department of Revenue, allocates three percent of the revenue to the State Forestry Department Account. Designates the Department of Revenue as the entity that will pay \$2 per thousand board feet to the counties in proportion to the severance taxes collected in each county and also the refundable credit for harvest of logs in Oregon. Clarifies that, to count towards the credit, logs must be harvested in Oregon as well as milled in Oregon. Requires the eligible milling to be to a diameter of not more than 12 inches. Sets the amount of the credit for eligible milling to \$12 per thousand board feet. Provides that total credits may not exceed the net revenue for the calendar year. Provides for a reduction of credits by February 15<sup>th</sup> for the tax year ending in the previous calendar year.

**BACKGROUND:** The current Forest Products Harvest Tax totals are \$3.68 per thousand board feet for the various types of taxes. The measure is intended to encourage the milling of timber domestically. Annually, private timber harvest in Oregon has been 2,783,000 thousand board feet on average for the 5-year period from 2005 to 2010.

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