

Longview Timber OPPOSES HB 2555

Good morning Chair Barnhardt and members of the committee. My name is Adrian Miller and I represent Longview Timber. Longview Timber owns 650,000 acres in Oregon and Washington split evenly between the two states. We are a privately held, Real Estate Investment Trust. Our business model is relatively simple, we plant, grow, harvest trees to sell to domestic and international manufacturers while increasing the value of our underlying timberland. My testimony today will focus on the value to Oregon when there is a diverse array of markets for timber.

Our investors continue to want to expand in the Pacific Northwest, however, Oregon competes for those investment dollars between other northwest states as well as with other regions in the United States as well as globally. Policies such as HB 2555 send a strong signal to the forestland investment community that there is a desire to limit private forest landowners' ability to access all markets for their logs. A diverse market for logs is a key variable that forestland investors look for to help mitigate their investment risks. Maintaining Oregon's highly valued timberland is key to maintaining a truly sustainable forest products industry that encompasses viable business, jobs in rural communities, and the suite of ecosystem services that working forests provide.

Longview Timber's ownership is geographically dispersed. In Oregon we have lands east of Portland out to Hood River, nearly 200,000 acres in northwest Oregon and our southernmost holdings east of Salem. This diversity provides a wide ranging customer base. Company wide we sell to approximately 100 domestic facilities ranging from single truckloads of logs to many thousands of truckloads. We also export logs overseas to customers in Japan, Korea, and China. At the peak of the recent export market only about 25% of Oregon and Washington's timber harvest was exported. This number is decreasing, a function of a correction in China's consumption as well as improving U.S. housing market.

The export market during these peak times correlates precisely with the downturn in the U.S. housing market. This is where the importance of a diverse marketplace is key, not just to landowners, but to Oregon more broadly. The export market during the great recession provided for thousands of jobs that would have been lost otherwise. Longview Timber alone creates over 300 individual contractor jobs providing high paying jobs in rural Oregon.

Beyond these jobs, landowners participating in the export market during this time also provided logs into the domestic market that otherwise would not have been harvested. A timber stand is made up of all sizes and shapes of logs, and only some of those logs meet the quality criteria to be exported. The price of export logs made many of these stands economically viable to harvest. It is important to acknowledge that export prices during this time made it challenging for domestic manufacturers to compete for a very limited supply of logs, however, the presence of a strong export market at this critical juncture as a whole provided more benefit than harm to the forest products industry.

HB 2555 as amended will apply a new tax to all Oregon timber harvest. To put this in context, this would amount to approximately \$60 per truckload. Diverting varying percentages of this tax to Counties

Adrian Miller
Manager of Policy and Sustainability
360-430-7547
awmiller@longviewtimber.com

and to the Department of Revenue for administration make this a tax on all timber harvest, regardless of its destination. While the intent of this bill to help incentivize domestic manufacturing of wood products is indeed noble, this policy solution is not the right approach. It simply tries to build up one part of the industry at the expense of another. We believe the goal of increasing more jobs in rural communities can be accomplished in a manner that lifts all segments of the forest industry together. These include the continually improving US housing market, the potential for innovative solutions to increase harvest on federal lands, and increasing the marketing of manufactured wood products overseas as outlined in the Governor's Executive Order.