

4/8/15

House Revenue Committee;

Good afternoon Chair Barnhart and committee members, my name is Mike Sullivan. I am the Oregon Political Director of the Association of Western Pulp and Paper Workers, commonly known as AWPPW.

I am stepping in for AWPPW Vice-President, Greg Pallesen, who has prior commitments. My remarks will reflect his thoughts on HB-3481.

AWPPW supports HB-3481 because of the huge loss of employment due to the export of raw logs and recovered/recycled waste paper. Presently 70% of the United States' recovered/recycled waste paper is exported, most of which is being shipped to China. It was the lack of waste paper which proved to be to the demise of the Blue Heron paper mill plant in Oregon City in 2011.

Log exports and wood chips, along with recovered/recycled paper are at record highs. In the last 10 years, every month a new pulp and/or paper mill has been built in China. The long term projections are that this trend will continue. Every pulp and paper mill in Oregon and Washington that has been partially or permanently closed has ended up being sold, the equipment dismantled, shipped overseas, and brought back online producing the same or similar products that were being manufactured here.

In the last 15 years, every worker in every pulp and paper mill that has been partially or permanently closed in Oregon and Washington has been approved for Trade Adjustment Assistance (TAA) benefits.

(I submitted a paper to the committee on OLIS from AWPPW VP Greg Pallesen that has two links, one of which is where you can view the data on a link to the TAA.)

Federal taxes are used to pay for dredging the rivers and maintaining ports, based on the premise of maintaining world class ports would increase our exports, therefore creating new jobs. The increase in imports to this country has outpaced our exports and the promise of job creation has not taken place.

Property taxes are used to improve and/or maintain ports. Local property taxes have increased. AWPPW hopes that HB-3481 could address and change the course of these exports and the availability of the raw materials which are vital to the Oregon forestry industry and the employment of AWPPW members.

To close, the jobs AWPPW members have are family wage jobs with good benefits and usually located in rural areas. These jobs are the economic engine for the majority of these rural areas. For every individual pulp and paper manufacturing job, there are an additional four to six jobs created in the community they are located; or in the event of a mill closure four to six jobs lost.

AWPPW hopes HB-3481 will address and change the course of these exports so that we could be exporting paper products "Made in Oregon" to the world as a value added product. Which in turn will generate economic stability from the jobs created producing a consistent tax base.

Thank you Chair Barnhart and I will try to answer any questions there may be from the committee.

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HB 3481 Timber Tax Credit

Log exports have been at record highs.

Log prices have been at record highs.

Wood chip exports have been at record highs.

Wood chip prices have been at record highs.

Unemployment remains at record high levels in rural areas where logging is taking place. We continue to lose manufacturing jobs in Oregon because of the amount of log and chip exports.

The pulp and paper mills that are still operating in the Pacific Northwest are struggling to get wood chips.

Nationwide sawmills and plywood mills and paper mill closures continue.

Nationwide sawmills and plywood mills and paper mill partial closures continue.

Every pulp and paper mill in Oregon and Washington that has closed has ended up being sold, the equipment dismantled, shipped overseas and brought back online producing the same or similar products that were being manufactured here.

In the last 15 years **every worker** in every pulp and paper mill that has been partially or permanently closed in Oregon and Washington **has been approved for Trade Adjustment Assistance (TAA) benefits.**

http://www.doleta.gov/tradeact/taa/taa_search.cfm

In the last 10 years every month a new pulp and/or paper mill has been built in China. Long term projections are this trend will continue.

Federal taxes are used to pay for dredging the rivers and maintaining ports based on the premise of maintaining world class ports will increase exports therefor creating new jobs. The increase in imports has far outpaced exports; and the promised job creation has not taken place.

Property taxes are used to improve and/or maintain ports. Local property taxes have increased. Oregonians subsidize port construction and maintenance therefore subsidizing the export of logs and chips.

We the people pay the highest tax percentages resulting in the subsidizing of corporations ability to export logs and chips.

The forest industry has changed. In order to reduce taxes Weyerhaeuser became a Real Estate Investment Trust (REIT). <http://www.bloomberg.com/news/articles/2010-12-13/weyerhaeuser-raises-dividend-ahead-of-reit-conversion-update1->