



Oregon

Kate Brown, Governor

Department of Forestry

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"STEWARDSHIP IN FORESTRY"

March 28, 2017

Honorable Phil Barnhart, Chair
House Committee on Revenue
Oregon State Capitol
900 Court Street, Room 354
Salem, OR 97301

RE: House Bill 2270

Dear Chair Barnhart and Members of the Committee:

The Department of Forestry appreciates the opportunity to provide testimony in support of House Bill 2270.

House Bill 2270 amends ORS 321.015 to establish the Forest Products Harvest Tax rates for calendar years 2018 and 2019 in support of the Oregon State University (OSU) Forest Research Laboratory, OSU professional forestry education, and the Oregon Department of Forestry's administration of the Oregon Forest Practices Act. HB 2270 maintains the concept of shared responsibility for Forest Practices Act program delivery between the general public and forestland owners.

The tax rates that are established by HB 2270 are set on a per thousand board feet (MBF) harvested basis in response of the Private Forests Division budget as set by the Legislature each biennium and based on the forecasted timber harvest levels for the next two years. As shown in Attachment 1, Oregon harvest levels declined during the 1990s as largely a function of the change in policy related to the management of federal lands. In response, the harvest tax rate increased as the Department's budget needs were spread across lower harvest volumes (Attachment 2). Since 1999, the harvest level has generally remained stable at approximately 4 billion board feet per year – and tax rates have remained stable as well.

Harvest levels in 2011 and 2012 were reported at 3.6 billion board feet. In 2013, Oregon's timber harvest rose to 4.2 billion board feet and to 4.1 billion board feet in 2014. The 2015 and 2016 harvests were reported at 3.8 billion board feet and 3.7 billion board feet, respectively. We are currently anticipating annual harvests for the 2017-2019 biennium to hold steady at approximately 3.9 billion board feet.

The Oregon Department of Revenue collects the Harvest Tax and transfers the receipts to the Department of Forestry on a quarterly basis. At this time, we still have one of eight revenue transfers remaining in the current biennium which will occur in early May. Because the new rates in HB 2270 for the next two-year period are based in part on the ending balance in this biennium, we would suggest that rates not yet be inserted into the bill in this committee. In addition to the current biennium actual revenue consideration, the Harvest Tax is directly linked with the Department's next biennial budget. Therefore, the rate calculations must remain fluid until the agency's budget bill is at or near completion. This link necessitates a concurrent consideration of HB 2270 and the agency's budget bill, SB 5519, in the Joint Ways and Means Committee during the final legislative budget process.

In summary, the Department of Forestry supports HB 2270, and welcomes the opportunity to work with the Legislative Assembly as the revenue and budget processes move forward.

If you have follow-up questions, please contact me.

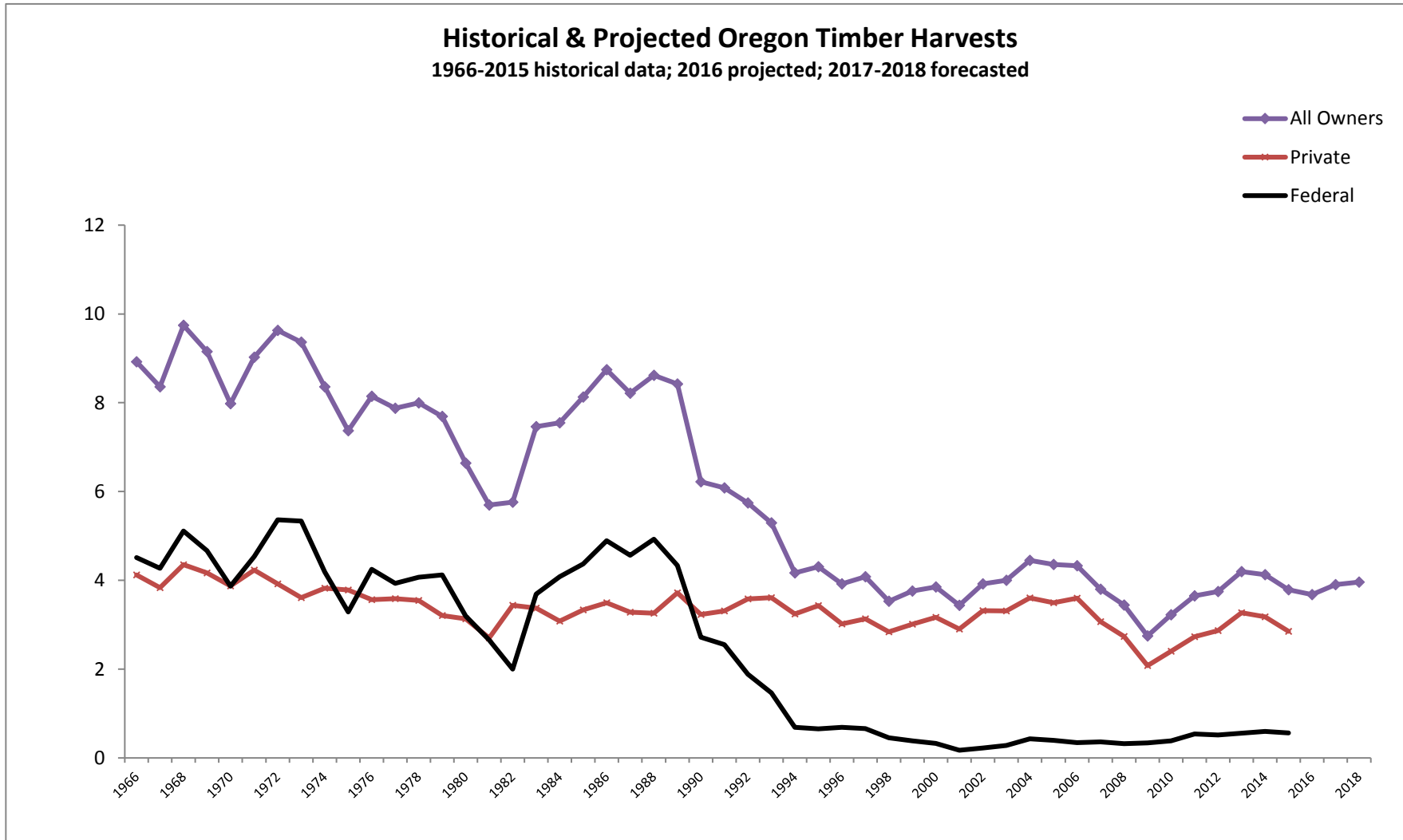
Sincerely,



Kyle Abraham
Acting Private Forests Division Chief
Oregon Department of Forestry
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Attachments (2)

c: Peter Daugherty, State Forester
Jason Miner, Governor's Natural Resources Policy Advisor
Matt Stayner, Legislative Analyst, LFO
Cathy Connolly, CFO Analyst, BAM
Christine Broniak, Economist, LRO
Agency Executive Team
ODF Legislative Tracking Unit



OREGON FOREST PRODUCTS HARVEST TAX RATES

