



TO: Senate Environment and Natural Resources – 9.21.2020
RE: Timber Tax discussion

Other messengers will tell you the sky is falling, the forests are burning, and this is not time to make changes to forestry.

Compared with our neighboring state of Washington:

- Oregon has 39% more forestland
- Cuts 46% more timber, and
- Receives 49% higher prices for timber.

Yet Washington collects roughly **4 times more in taxes when trees are cut than Oregon.**

Washington's timber taxes go:

- 80% to counties
- 20% to the General Fund

In addition, our neighboring states are far more restrictive than Oregon for:

- stream buffers
- steep slopes
- fewer acres allowed for contiguous clear cuts
- fewer property tax breaks for timber equipment, roads, culverts and homesites.

As the ProPublica/OPB/Oregonian stories have reported, the public sector is getting cheated in Oregon. Counties reliant on forestland timber receipts are not collecting the taxes they deserve. Industrial timber owners pay nothing back to the counties where timber is harvested, despite the fact that they can no longer collect taxes on the growing trees.

Yes, all private, state, O&C, county and federal timber owners do pay the small Forest Products Harvest Tax (established in 1947). It is our only broad cutting tax on timber. But, like our lodging tax, it is virtually all directed to the benefit of their own industry rather than into local or state uses. That is strikingly unlike the similar tax in Washington, where 80% flows back as property taxes to local uses.

The time has come to address the mistakes made by past legislatures and governors.

We call on the legislature to upgrade our taxes on timber, discontinue funding the Oregon Forest Resources Institute, re-examine the Small Tract Forestland program (which the Department of Forestry says is not meeting its financial objectives and is costly to administer), eliminate inequitable property tax breaks, and restore funding for counties.

We read the bills and follow the money