

From: [Cindy Zimmerman](#)
To: [Exhibits_HNR](#)
Subject: Opposition to House Bill 2659
Date: Sunday, March 24, 2019 10:15:10 PM

Representative Brad Witt:

My wife and I own about 75 acres of forest land in Clackamas county. We are retired. We are good stewards of our forest land and are proud of the work we have done to improve our forest.

HB 2659 will cause huge property tax burdens for small forestland owners. The bill will cause undefined changes in how the owners manage their forest land. The bill will remove the special tax assessments for forestland and add an ad valorem tax on the value of standing timber unless it is classified as natural or seminatural. The terms natural and semi natural are nebulous. HB 2659 would impose an ad valorem tax and repeal ORS 321.272, which now exempts timber from ad valorem tax. ORS 321-272 has been in effect for more than 40 years.

HB 2659 penalizes those small forest land owners who have timber plantations.

In summary the current ORS 321-703 (1) states that private family and nonindustrial forestlands provide a great range of forest diversity for our state. It also states that the interests of Oregon are best served by sustainable forest practices and taxing policies that encourage and establish diverse forest resources for watersheds, commerce, employment and recreation. ORS 321-703 also states that forest on private land should be treated as a crop and not taxed as real property.

HB 2659 will have a severe impact on our property taxes. Using the 2018-2019 property tax statements from Clackamas County our property tax will increase by 45 times what it currently is, if HB 2659 is acted. This increase does not include the annual ad valorem that would also be imposed on our standing timber. These taxes would create financial hardships that can not be compensated by future timber harvests. How are we to pay these annual taxes?

Our retirement savings have been set aside for maintenance on our property and future health care costs as we age. Forest land owners may need to sell their property because of these new tax burdens and at reduced profit, because of the uncertain prospects for reduced forest value due to HB 2659.

Under the current tax structure when logs are taken from the forest taxes are levied at that time. These taxes currently capture the volume of the timber harvested (Forest Products Harvest Tax) and a share of the remaining timber value based tax.

There are other concerns regarding HB2659 as well. Under this bill the change in property tax structure will force many family forest land owners to rethink the use of their land for timber production. Some may seek to develop their land, but may be hindered by land use laws which restrict development. Including the value of standing timber in the assessed value of property would cause land owners to harvest their timber at the earliest age possible. The ad valorem tax on standing timber would not allow forests to grow to the age required for effective carbon sequestration. The bill states 30% of the tax money goes to the county. Where is the rest of the tax revenue going? This bill also will also lead to more forest fires, because it prevents the forest practices such as fire breaks, pruning, and tree spacing. HB 2659 is governmental over reach of the private property owner. This bill will also effect estate planning adversely for forest land owners. Many land owners who had planned to pass their land to heirs will be unable to do so, because they will be forced to sell their land due to the extremely high annual property taxes. This bill also has consequences for those who are retired or soon will be as it puts huge tax burdens on them. There are over 60,000 small forest land owners in the state and many of these people are retired or will be soon.

Has an economic analysis been done on all the facets of HB 2659?

HB 2659 and HB 2152 both would cause harm to small forestland owners in Oregon. They do so by repealing special tax assessments and imposing excessive ad valorem tax. These bills will most likely reduce the amount of

private land that will be producing timber in the future. This reduction in timber production will be a detriment to all of Oregon.

We believe HB 2659 as written will have detrimental economic impacts. The bill would compromise some of Oregon's current land use goals and is excessively burdensome on small forest land owners. We believe HB 2659 should be withdrawn from consideration.

Sincerely,

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