



Oregon

Kate Brown, Governor

Department of Forestry

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"STEWARDSHIP IN FORESTRY"

April 17, 2019

Honorable Nancy Nathanson, Chair
House Committee on Revenue
Oregon State Capitol
900 Court Street
Salem, OR 97301

RE: House Bill 2073

Dear Chair Nathanson and Members of the Committee:

The Department of Forestry appreciates the opportunity to provide testimony in support of House Bill 2073.

House Bill 2073 amends ORS 321.015 to establish the Forest Products Harvest Tax rates for calendar years 2020 and 2021 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 2073 maintains the concept of shared responsibility for Forest Practices Act program delivery between the general public and forestland owners.

Tax rates established by HB 2073 are set on a per-thousand board feet (MBF) harvested basis. Tax rates also reflect the Private Forests Division budget as set by the Legislature each biennium and are additionally based on the forecasted timber harvest levels for the next two years. As shown in Attachment 1, Oregon timber harvest levels declined during the 1990s, largely a function of a policy change 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 between 3.5 and 4 billion board feet per year – and tax rates have remained stable as well.


Harvest levels in 2011 and 2012 were both 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. Harvest levels for 2017 were approximately 3.7 billion board feet and 2018 was 3.6 billion board feet. We are currently anticipating harvest levels will hold at approximately 3.6 billion board feet for the 2019-2021 biennium.

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. This transfer will occur in early May. The new harvest tax rates for the next two-year period (2020 and 2021) are based in part on the ending balance in this biennium. In addition to the current biennium's actual revenue consideration, the harvest tax is directly linked with the Department's next biennial budget. As such, we would suggest harvest tax rates not be inserted into the bill in this committee. In addition, the harvest tax rate calculations must remain fluid until the agency's budget bill is at or near completion. This link necessitates a concurrent consideration of HB 2073 and the agency's budget bill, HB 5019, in the Joint Ways and Means Committee during the final legislative budget process.

In summary, the Department of Forestry supports HB 2073, 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 feel free to contact me.

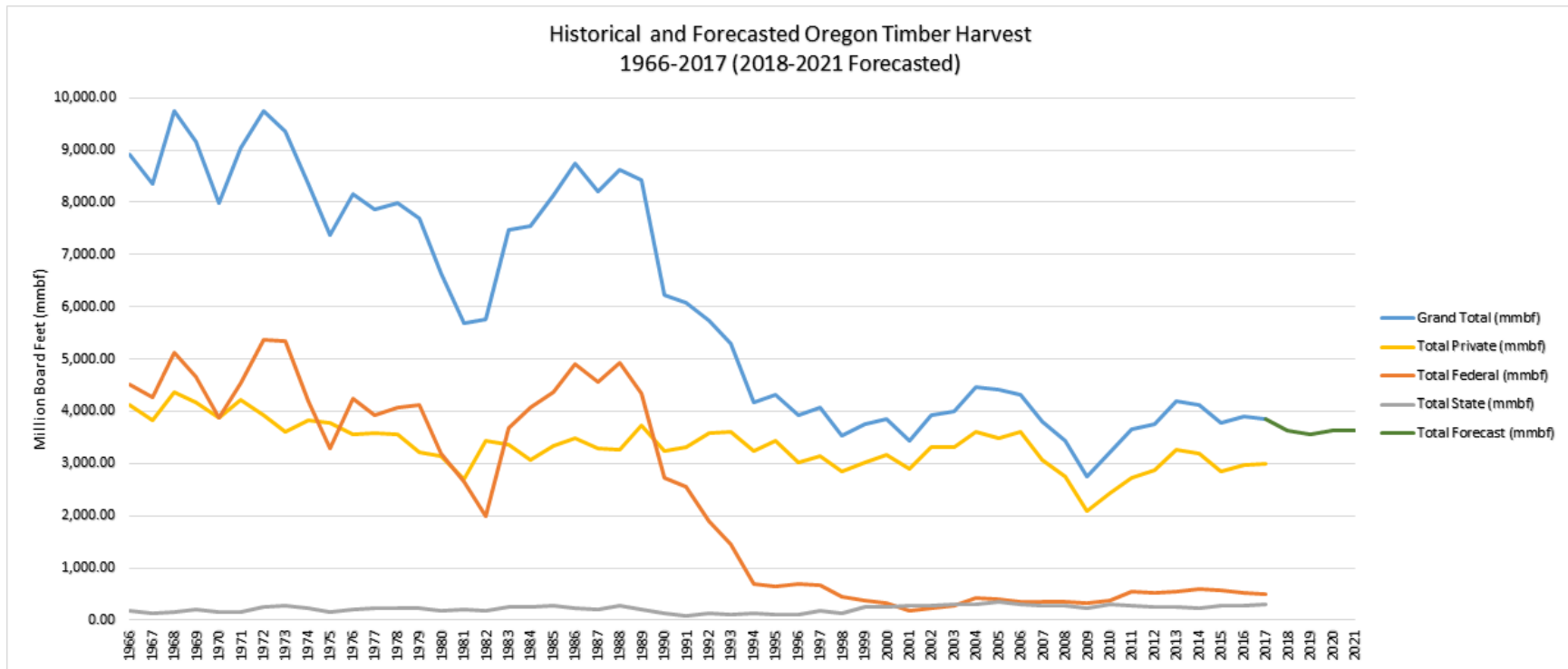
Sincerely,



Kyle Abraham
Private Forests Division Chief
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Attachments (2)

c: Jason Miner, Governor's Natural Resources Policy Advisor
Peter Daugherty, State Forester, ODF
Matt Stayner, Legislative Analyst, LFO
Ali Webb, DAS CFO Analyst, BAM
Jaime McGovern, Economist, LRO
Agency Executive Team
ODF Legislative Tracking Unit



Oregon Forest Product Harvest Tax Rates

1994-2019 (Source, Oregon Department of Revenue)

