

# Coast Range Association

*Building just and sustainable communities that provide for people and the natural world.*

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April 17, 2019

House Committee on Revenue

RE: HB2495

My name is Chuck Willer. I am the Executive Director of the Coast Range Association—a Corvallis based nonprofit. For the past 25 years I have studied private forest management in Western Oregon. I am also a small forestland owner of 25 acres of forest.

I am here today to speak in favor of HB2495. HB2495 seeks to raise additional revenue for wildfire prevention and suppression through an increase in the privilege tax rate per thousand board foot (mbf) of timber.

My comments are as follows:

1. The tax amounts proposed in the bill are likely too low given the future need for wildfire prevention and suppression. Given the fact of a warming climate, we can expect drier conditions with an increased threat of wildfire. The key to wildfire is prevention.
2. Due to policies of austerity imposed across the nation, homelessness is now a chronic problem. In Oregon many homeless people reside in forested areas. Camping in the forest during the driest season poses a grave threat for fire ignition. In this era of low taxation and austerity counties have little money to effectively address homelessness. The Coast Range Association believes an additional privilege tax amount should be levied and dedicated to county governments to address homelessness.
3. HB2495 levies a privilege tax on board foot harvested. Board foot measure is an inaccurate measure for today's smaller diameter trees. The tax would best be levied on cubic volume harvested.
4. For policy purposes, Oregon's timberlands are divided into small forest owners and large industrial owners. We see no reason why either ownership group, large or small, would object to the privilege tax proposed. We say this for the following reasons:

Small landowners, while great in number, harvested only 15.5% of Western Oregon's timber in 2017. Yet, due to frequent presence of rural residential structures on small owner lands they

have the most to gain in fire prevention and suppression. We believe that most small forestland owners do not harvest timber and will therefore not be subject to the harvest tax.

Large industrial owners hardly pay their fair share of taxes today. For example the decline in all harvest and property taxes from large landowners going to local government between 1990 and 2015 is in the range of 80%. Overall, all forestland owners have seen a decline in property and harvest related taxation in the range of 70% during the period mentioned. This decline in taxation is a major reason some counties are in financial crisis.

While harvest and property taxes have declined severely, a high percentage of forestland acres have converted to Real Estate Investment Trusts (REIT) or a Timber Investment Management Organizations (TIMO). These forms of ownership are for taxation purposes and are designed to avoid federal & state corporate income tax. Ultimately, timber profits are taxed as a capital gain and allowed generous depletion tax credits.

The sad fact is that today's industrial forest ownership is a direct extension of big Wall Street capital which generally represents the money and interests of those who have gained the most income share in the past forty years. Tax avoidance is an unrelenting strategy for wealth accumulation by the wealthiest individuals. To the large degree Oregon industrial lands are owned by financial capital, somewhere in the range of 25% of the ownership is in foreign hands.

The rents extracted yearly from Oregon's Wall Street controlled forestlands leave a telltale signature as impoverished rural landscapes. Is it too much to ask the wealthy investors to pay their fair share for preventing the loss of their capital in a wildfire?

I am attaching map we produced in 2017 that illustrate the percentage of TIMO or REIT ownership Western Oregon.

Thank you for the opportunity to testify in support of HB 2495.

Sincerely,

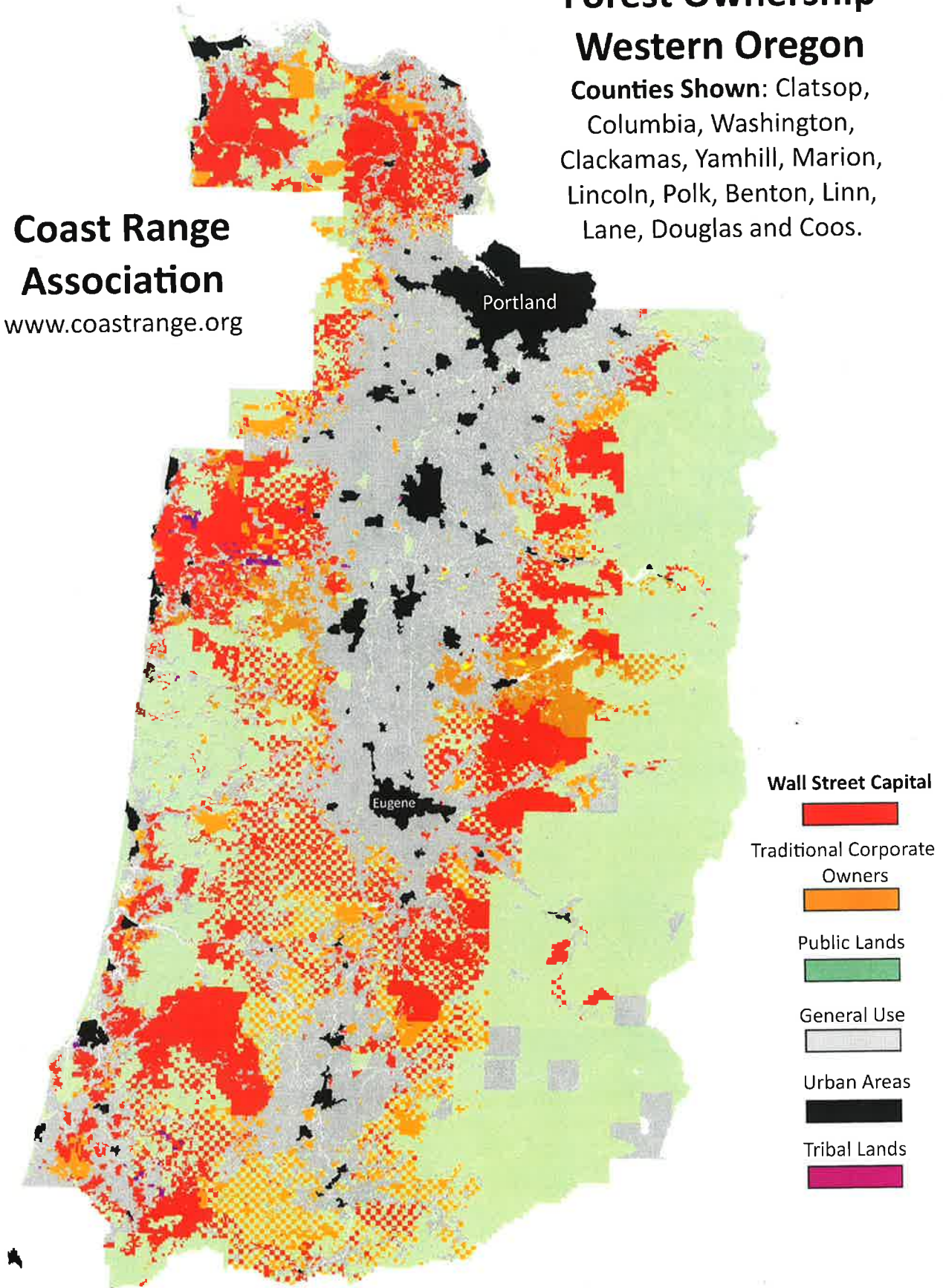
Chuck Willer  
Director

# Forest Ownership Western Oregon

Counties Shown: Clatsop,  
Columbia, Washington,  
Clackamas, Yamhill, Marion,  
Lincoln, Polk, Benton, Linn,  
Lane, Douglas and Coos.

**Coast Range  
Association**

[www.coastrange.org](http://www.coastrange.org)



Wall Street Capital



Traditional Corporate  
Owners



Public Lands



General Use



Urban Areas



Tribal Lands

