

**STATE REPRESENTATIVE  
PAUL HOLVEY**



**HOUSE DISTRICT 8**  
503-986-1408 – Capitol  
Rep.PaulHolvey@oregonlegislature.gov

5/28/2019

To: Chair Nathanson and Members of the House Committee on Revenue  
From: Representative Paul Holvey  
Regarding: HB 2495 and Proposed Amendments

Chair Nathanson and Members of the Committee,

Thank you for providing me the opportunity to testify on three proposed amendments to HB 2495. The costs associated with wildfires have become increasingly burdensome and have taken a significant toll on the state's General Fund.

Pre-Measures 5 and 50, standing timber was exempt from property tax values, a statutory forestland value was applied at 20%, and timber owners paid a severance tax upon harvest to reduce the tax burden that needed to be paid each year. After Measure 50 fixed property tax rates down, the legislature in 1999 set to phase-out severance taxes and shift back to a 100% forestland rate. The legislative intent was for the increased property taxes to make up for the severance taxes, but with standing timber being exempt from property taxes in 1993 and property tax rates being pinned to 1996 levels after the passage of Measure 50, it is impossible to get back to the revenues we once had.

Because the base bill is not adequate, the three proposed amendments aim to reduce the inequities of the current wildfire financing system in Oregon and shift the burden from the General Fund and taxpayers to industrial forestland owners and timber harvesters. In addition, climate science is anticipating higher costs for fighting wildfires in the coming future and the current system is not adequate for the realities that our state is facing.

**HB 2495 -1:** In addition to the current forest products harvest tax, a severance tax will be imposed at the rate of 2.5% on the value of the timber at the time of harvest. This tax applies when a timber harvester incurs more than \$10 in total severance tax liability. The severance tax will be deposited in the Wildfire Suppression Fund that is created in Section 3 of the base bill.

**HB 2495 -2:** Increases the current Forest Products Harvest Tax by \$10/mbf and directs this increase to the Wildfire Suppression Fund that is created in Section 3 of the base bill.

**HB 2495 -4:** Reduces the amount of the Forest Products Harvest Tax that is received by Oregon Forest Research Institute under the current FPHT by 60% and directs the 60% to the Wildfire Suppression Fund that is created under Section 3 of the base bill.

The science is clear: wildfires will continue to have a significant impact on our state and costs to combat these fires will rapidly increase. Having access to adequate funding to combat wildfires will reduce the impacts felt by all Oregonians, while also having the funds available to protect our natural resources and budgets for public services.

Respectfully,

A handwritten signature in cursive script that reads "Paul".

State Representative Paul Holvey  
Speaker Pro Tempore  
Oregon House District 8  
503-986-1408