

D R A F T

SUMMARY

Extends privilege taxes on merchantable forest products harvested on forestlands.

Directs Legislative Assembly to use data from quarterly economic and revenue forecast released in February of each odd-numbered year when determining biennial forest products harvest tax rates. Requires State Forestry Department to provide Legislative Revenue Officer or Legislative Fiscal Officer with timber harvest data upon request for purpose of determining biennial forest products harvest tax rates.

Imposes additional privilege tax on merchantable forest products harvested on forestlands. Directs revenues to be used to fund mitigation of effects of forest practices on aquatic species.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1

2 Relating to forest products harvest taxation; creating new provisions;
3 amending ORS 321.015; prescribing an effective date; and providing for
4 revenue raising that requires approval by a three-fifths majority.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 321.015 is amended to read:

7 321.015. (1) For the calendar years beginning January 1, [2020] **2022**, and
8 January 1, [2021] **2023**, there is levied a privilege tax of [90.00] **102.49** cents
9 per thousand feet, board measure, upon taxpayers for the privilege of har-
10 vesting of all merchantable forest products harvested on forestlands. Subject
11 to ORS 321.145, the proceeds of the tax shall be transferred as provided in
12 ORS 321.152 (2) to the Forest Research and Experiment Account for use for
13 the forest resource research, experimentation and studies described in ORS
14 526.215 and for the Forest Research Laboratory established under ORS

1 526.225.

2 (2) Except as provided in ORS 477.760, in addition to the tax levied by
3 subsection (1) of this section, there is levied a forest products harvest tax
4 upon taxpayers of 62.5 cents per thousand feet, board measure, for the priv-
5 ilege of harvesting all merchantable forest products harvested on forestlands
6 for the payment of benefits related to fire suppression as provided in ORS
7 321.005 to 321.185, 321.560 to 321.600 and 477.440 to 477.460.

8 (3) For the calendar years beginning January 1, [2020] **2022**, and January
9 1, [2021] **2023**, in addition to the taxes levied under subsections (1) and (2)
10 of this section, there is levied a privilege tax upon taxpayers for the privilege
11 of harvesting all merchantable forest products harvested on forestlands in
12 the amount of [138.72] **207.02** cents per thousand feet, board measure, for the
13 purpose of administering the Oregon Forest Practices Act in an amount not
14 to exceed 40 percent of the total expenditures approved by the Legislative
15 Assembly for this purpose, including salary adjustments approved by the
16 Legislative Assembly for fiscal years [2020 and 2021] **2022 and 2023**.

17 (4) For the calendar years beginning January 1, [2020] **2022**, and January
18 1, [2021] **2023**, in addition to the taxes levied by subsections (1) to (3) of this
19 section, there is levied a privilege tax of 10 cents per thousand feet, board
20 measure, upon taxpayers for the privilege of harvesting all merchantable
21 forest products harvested on forestlands. Subject to ORS 321.145, the pro-
22 ceeds of the tax shall be transferred as provided in ORS 321.152 (5) to the
23 subaccount established pursuant to ORS 350.520 for use by Oregon State
24 University for the purpose of making investments in professional forestry
25 education at the College of Forestry.

26 (5) Subject to subsection (6) of this section, the taxes shall be measured
27 by and be applicable to each per thousand feet, board measure, on the total
28 quantity of forest products harvested in this state measured by use of any
29 log scale which is or may be in general use in the logging industry and
30 which is designed to measure total volume of merchantable forest products
31 in board feet. However, if the Department of Revenue finds that the scale

1 used by any taxpayer in computing the taxes due under ORS 321.005 to
2 321.185 and 321.560 to 321.600 does not accurately reflect the total quantity
3 of merchantable forest products harvested by the taxpayer, it may require the
4 taxpayer to adopt another log scale in general use in the industry which in
5 the department's opinion will accurately reflect merchantable harvest in
6 board feet.

7 (6) The first 25,000 feet, board measure, of forest products harvested an-
8 nually by any taxpayer during each calendar year shall be excluded from the
9 total quantity of harvested forest products that constitutes the measure of
10 the taxes under ORS 321.005 to 321.185 and 321.560 to 321.600.

11 **(7)(a) Not later than March 10 of each odd-numbered year, the**
12 **Legislative Assembly shall begin the determination of the biennial**
13 **forest products harvest tax rates under subsections (1), (3) and (4) of**
14 **this section using data from the quarterly economic and revenue**
15 **forecast released in February of that year.**

16 **(b) Upon request of the Legislative Revenue Officer or the Legisla-**
17 **tive Fiscal Officer, the State Forestry Department shall provide the**
18 **respective officers with relevant timber harvest data for the purposes**
19 **of the determination described in paragraph (a) of this subsection.**

20 **SECTION 2. The amendments to ORS 321.015 by section 1 of this**
21 **2022 Act apply to merchantable forest products harvested before, on**
22 **or after the effective date of this 2022 Act.**

23 **SECTION 3. Not later than January 15, 2023, the Legislative Reve-**
24 **nue Officer shall submit, in the manner provided in ORS 192.245, a**
25 **report on the forest products harvest tax to the interim committees**
26 **of the Legislative Assembly related to revenue.**

27 **SECTION 4. Section 5 of this 2022 Act is added to and made a part**
28 **of ORS 321.005 to 321.185.**

29 **SECTION 5. (1) In addition to the taxes levied under ORS 321.015**
30 **and 321.017, there is levied a privilege tax upon taxpayers on the har-**
31 **vesting of all merchantable forest products harvested on forestlands**

1 in the amount provided in subsection (2) of this section.

2 (2)(a) Except as provided in paragraph (b) of this subsection, at the
3 beginning of each calendar year, the Department of Revenue shall set
4 the tax levied under subsection (1) of this section at a rate estimated
5 to collect \$2.5 million per year.

6 (b) Beginning with the first January following the issuance of an
7 incidental take permit by the federal National Marine Fisheries Ser-
8 vice or the United States Fish and Wildlife Service, pursuant to the
9 federal Endangered Species Act (16 U.S.C. 1531 to 1544), that is con-
10 sistent with the terms of the Private Forest Accord Report dated
11 _____ and published by the State Forestry Department on _____, the
12 Department of Revenue shall set the tax at a rate estimated to collect
13 \$5 million per year.

14 (3) The tax shall be measured by and be applicable to each per
15 thousand feet, board measure, and such shall be subject to and deter-
16 mined by the procedures and provisions of ORS 321.015 (5) and (6).

17 (4) The tax levied under subsection (1) of this section shall be due
18 and payable to the Department of Revenue in the manner and proce-
19 dure, including penalties and interest, as set forth for the collection
20 of the privilege tax under ORS 321.005 to 321.185.

21 (5) The revenue from the tax levied under subsection (1) of this
22 section shall be remitted to the State Treasurer who shall deposit it
23 in a suspense account established under ORS 321.145 (1). After payment
24 of refunds, which shall be paid in the same manner as other forest
25 products harvest tax refunds are paid under ORS 321.145 (2), the bal-
26 ance of the additional tax imposed under subsection (1) of this section
27 shall be deposited in a subaccount of the Oregon Conservation and
28 Recreation Fund related to funding mitigation of the effects of forest
29 practices, as defined in ORS 527.620, on aquatic species.

30 **SECTION 6.** (1) Section 5 of this 2022 Act applies to calendar years
31 beginning on or after January 1, 2023, and ending on the date on which

1 a cumulative total of at least \$250 million of revenue from the tax
2 imposed under section 5 of this 2022 Act has been collected by the
3 Department of Revenue.

4 (2) The Director of the Department of Revenue shall notify the
5 Legislative Counsel and the Legislative Revenue Officer as soon as
6 practicable following the end date of the tax described in subsection
7 (1) of this section.

8 SECTION 7. Section 5 of this 2022 Act is repealed on January 2, 2027,
9 unless, before January 1, 2027, the National Marine Fisheries Service
10 or the United States Fish and Wildlife Service, pursuant to the federal
11 Endangered Species Act (16 U.S.C. 1531 to 1544):

12 (1) Approve a habitat conservation plan consistent with the terms
13 of the Private Forest Accord Report dated _____ and published by the
14 State Forestry Department on _____; and

15 (2) Issue an incidental take permit related to the habitat conserva-
16 tion plan.

17 SECTION 8. If chapter _____ Oregon Laws 2022 (Enrolled _____ Bill
18 _____) (LC 278) does not become law, section 5 of this 2022 Act is re-
19 pealed.

20 SECTION 9. This 2022 Act takes effect on the 91st day after the date
21 on which the 2022 regular session of the Eighty-first Legislative As-
22 sembly adjourns sine die.

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