

County Revenue Narrative Severance Tax Replacement Needed

- For the past ten plus years the Hood River County Library Foundation has raised between \$20,000 and \$35,000 each year to supplement Library functions and operations in an underfunded special Library District created after Hood River County closed the County Library, at the time the only Library District closure in the entire country. A major reason was the loss in revenue from the Oregon Severance Tax, eliminated several years earlier.
- Lost or reduced services counties are unable to provide include public health, law enforcement, education, fire protection, and the ability to pursue violations of building codes and land use planning requirements, among others, including the Library in Hood River County.
- At the time of elimination of the Severance Tax in Oregon, phased out around 1995, Hood River County received approximately \$151,000 from this revenue source. By 2001-02, this funding source had dried up to only \$1614 from the Harvest Tax, the second worst such % drop in the state. Estimates show Hood River County could receive over \$300,000 annually adjusted for inflation since 1995 if the severance tax still existed.
- Timber tax revenues lost from the repealed Severance Tax were expected to be offset by raising property taxes on forestlands. However, Ballot Measure 5 passed shortly after the Severance tax was repealed. Thus, counties which had been receiving significant revenue from the Severance Tax no longer had that recourse to replace the lost revenue.

- Currently, private forestlands managed by REITs and TIMOs pay no corporate income tax to the state. Thus, their profits do not benefit citizens in Oregon where the timber was grown and harvested.
- Public forestlands in Oregon do not pay any severance tax, further handicapping hard pressed counties in providing services. In Hood River County, federal lands comprise 62% of the land, providing neither property tax OR severance tax revenue. Similar or worse situations exist in other Oregon timber producing counties. Oregon citizens deserve to be compensated for the profits derived from timber produced on public lands in their counties as well as from private forestlands.

I do not support HB 2379 because it does not address the revenue shortfalls in county budgets to anything resembling the levels needed. Other measures under consideration such as LC 829 include components which offer better support, at higher levels for counties. It is important to bring together the best ideas to address these budget challenges and service inadequacies. I urge you to consider all aspects, and any legislation dealing with the need for Oregon to replace the revenue source missing for the past 25 years. Thank you for your consideration of these comments.