



# Timber Privilege Taxes

House Committee On Revenue

State of Oregon  
Legislative Revenue Office

May 11, 2021



# Forest Products Harvest Tax

- Five Components
  - Subject to 3/5ths vote each Biennium(ORS 321.015)
    - Oregon State University (OSU) Research
    - Oregon Forestland Protection Fund (OFLPF)
    - Forest Practices Act
    - Other
  - Rate determined outside statute by OFRI Board (ORS 321.017)
    - Oregon Forest Resources Institute (OFRI)
    - Subject to 75 cents cap (est. 1991) current valued at \$1.48





## Example: 3/5ths

- **321.015 Levy of privilege taxes upon harvest of timber for certain purposes; exclusion.** (1) For the calendar years beginning January 1, 2020, and January 1, 2021, there is levied a privilege tax of 90.00 cents per thousand feet, board measure, upon taxpayers for the privilege of harvesting of all merchantable forest products harvested on forestlands. Subject to ORS 321.145, the proceeds of the tax shall be transferred as provided in ORS 321.152 (2) to the Forest Research and Experiment Account for use for the forest resource research, experimentation and studies described in ORS 526.215 and for the Forest Research Laboratory established under ORS 526.225.





# Example: Simple Majority

- **321.017 Levy of additional privilege tax; distribution to Oregon Forest Resources Institute Fund.** (1) In addition to the taxes levied under ORS 321.015 (1) to (4), there hereby is levied a privilege tax upon taxpayers on the harvesting of all merchantable forest products harvested on forestlands in the amount provided in subsection (2) of this section.
- (2) The rate of tax levied in subsection (1) of this section **shall be established annually** at the beginning of each calendar year by the board of directors of the Oregon Forest Resources Institute, at a rate not to exceed 75 cents per thousand feet, board measure, adjusted annually for inflation since 1991 based on the Consumer Price Index





# How does the Forest Product Harvest Tax apply

- It is applied on volume not value

FPHT Component	Specified Rate per MBF	Total amount
OSU Research	\$ 0.900	\$ 3,188,378
Forestland Protection Fund	\$ 0.625	\$ 2,214,159
Forest Practices Act	\$ 1.387	\$ 5,393,644
College of Forestry Professional Development	\$ 0.100	\$ 354,258
Oregon Forest Resources Institute	\$ 1.120	\$ 3,887,387
<b>Total</b>	<b>\$ 4.132</b>	<b>\$ 15,037,827</b>

Based on a harvest of approximately 3.5 million MBF, or a harvest worth approximately \$2.2 Billion





# Tax on Volume vs Value

- Under current lumber values (pre-Covid)
  - The current tax on volume is approximately equivalent to a less than 1% tax on value
  - A 5% tax would generate approximately \$100 million in tax revenue.
- If lumber prices drop
  - Revenue for tax on value would also drop, even with the same level of harvest
  - Taxes from harvesters would remain the same with the same level of harvest

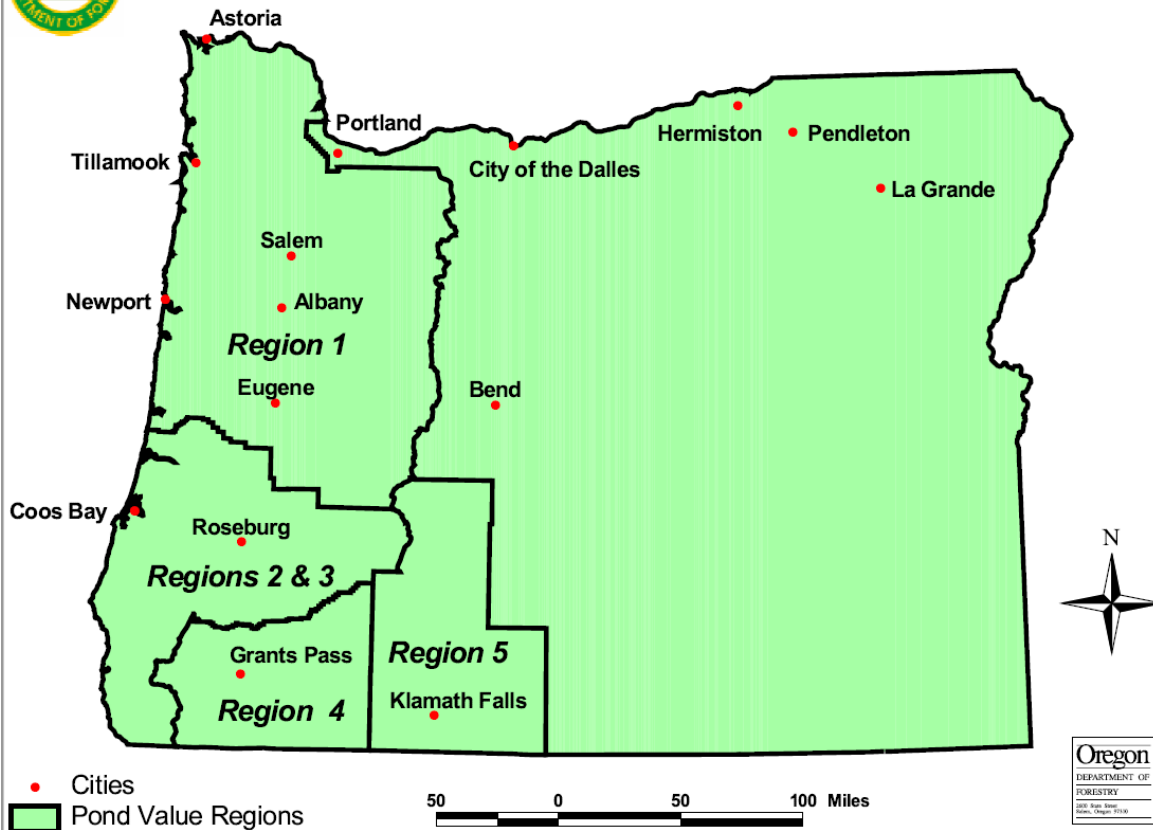




# Pond vs Stump value



## Oregon Pond Value Regions



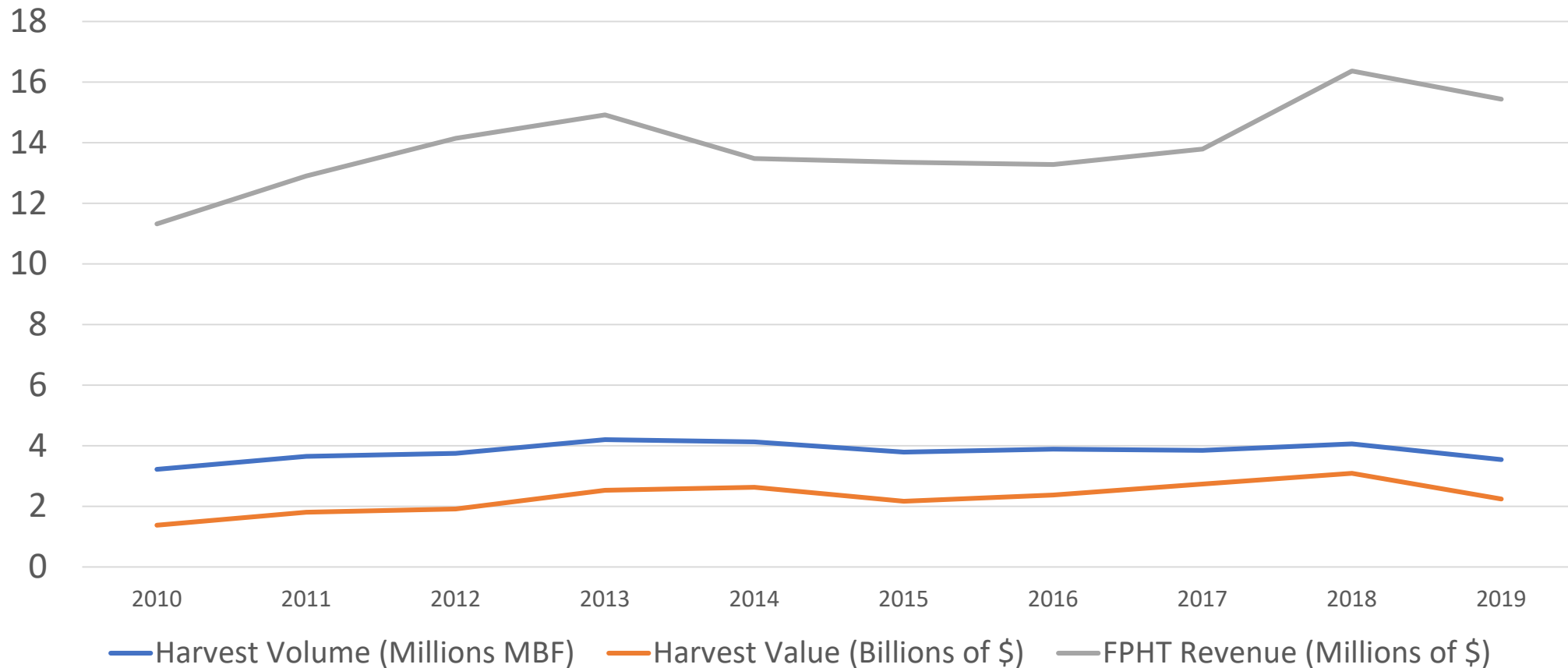
- Oregon’s Department of Forestry tracks Pond Value
- Washington uses Stump values to determine its 4% local and 1% state tax
- The difference between Stump and Pond is the value added in getting the log to the mill pond  
 ~approximately \$150

<https://www.oregon.gov/ODF/Documents/WorkingForests/LogTermDefinitions.pdf>





# Harvest, Value and Privilege Tax Revenue







# Proportional Changes effect impact

year	Tax as a % of harvest value	Tax as a ratio of harvest volume
2010	0.82%	\$ 3.58
2011	0.71%	\$ 3.68
2012	0.74%	\$ 3.68
2013	0.59%	\$ 3.33
2014	0.51%	\$ 3.53
2015	0.62%	\$ 3.73
2016	0.56%	\$ 4.24
2017	0.50%	\$ 4.24
2018	0.53%	\$ 4.04
2019	0.69%	\$ 4.13





# For More Information

- ▶ Legislative Revenue Office
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- ▶ <https://www.oregonlegislature.gov/lro>

