

HB 2070 -8, -9 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 4/7, 6/2, 6/18

WHAT THE MEASURE DOES:

Extends privilege taxes on merchantable forest products harvested on forestlands.

ISSUES DISCUSSED:

- Administration of Oregon Forest Resources Institute.
- Impact on small timber owners.
- Frequency and impact of wildfires.
- Forest health.
- Comparisons to other states.

EFFECT OF AMENDMENT:

-8 Modifies taxes applied to volume of harvested timber. Increases permanent tax dedicated to fire suppression. Replaces rate cap with permanent tax rate dedicated to funding programs of the Oregon Forest Resources Institute (OFRI). Creates single rate, effective for calendar years 2022 and 2023, allocated to the Administration of the Forest Practices Act, Oregon State University (OSU) Research, and OSU Forestry Education respectively. Restricts use of OFRI funds regarding advertising. Increases permanent tax dedicated to fire suppression. Requires Legislative Revenue Officer to report on harvest tax exemption, tax burden limitation and expenditure limitation related for forest products harvest tax.

-9 Establishes rates for Forest Products Harvest Tax. Sets the rate at 90 cents for the Forest Research and Experimentation account administered by Oregon State University. Sets the rate at 69 cents per MBF for to the Forestland Protection Fund. Sets the rate at \$2.07 per MBF for the purposes of administering the Forest Practices Act. Sets the rate at 21 cents per MBF for the purposes of Forestry Education.

BACKGROUND:

Currently, the FPHT is a combined tax rate, made of the following elements. For each thousand board feet, board measure (MBF):

\$4.1322 – Total Tax Rate per MBF (2020)

\$0.9000 – Forest resource research

\$0.6250 – Oregon Forestland Protection Fund

\$1.3872 – Administration of the Forest Practices Act

\$0.1000 – Forestry Education with Oregon State University

\$1.1200 – for Oregon Forest Resources Institute

The first 25,000 board feet harvest annually are exempt for any tax filer.