

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
81st Oregon Legislative Assembly
2021 Regular Session
Legislative Revenue Office

Bill Number: HB 2070 - MRA
Revenue Area: Timber Tax
Economist: Jaime McGovern
Date: 06/19/2021

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Extends privilege taxes on merchantable forest products harvested on forestlands. 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.

Revenue Impact (in \$Millions):

Revenue Impact	2021-23	2023-25	2025-27
OFRI	0.00	0.00	0.00
Forestland Protection and Fire Suppression	0.30	0.50	0.50
OSU Research	4.10	2.62	0.00
Admin Forest Practices Act	9.43	6.03	0.00
OSU Education	0.96	0.61	0.00
Total	14.78	9.76	0.50

Impact Explanation:

In this measure the two rates that are permanently in statute remain, and the rates that expire at the end of 2021, after two years in effect, are replaced by rates that also expire in two years.

The measure affects the revenue to the various programs funded by the Forest Products Harvest Tax to different degrees. Oregon Forest Resources Institute (OFRI) is unaffected by the measure because its authority remains the same under the bill. There is a 6.5 cent increase per MBF to the rate which funds forestland protection and fire suppression. Therefore, there is an increase of approximately \$300,000 in the first biennium to this fund and approximately \$500,000 in future biennium when the measure is fully in effect.

The other three programs are funded by rates which are set to expire at the end of calendar year 2021. Therefore, the impact to these funds is relative to no tax collection, or a rate of zero, which is the default, upon expiration.

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Those three rates combined total \$3.18 per MBF, under the measure, and result in an increase for those three programs of \$14.48 million in the first biennium and \$9.26 million in the second biennium. In the measure, these rates are set to expire at the end of 2023, so there is no revenue from these three taxes beyond the 2023-25 biennium.

Creates, Extends, or Expands Tax Expenditure: Yes No