

**A-Engrossed**  
**House Bill 2070**

Ordered by the House June 22  
Including House Amendments dated June 22

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Kate Brown for State Forestry Department)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

*[Extends privilege taxes on merchantable forest products harvested on forestlands.]*

**Sets rates for taxes on privilege of harvesting merchantable forest products harvested on forestlands. Combines rates for three privilege taxes that are subject to biennial sunset and dedicates stated percentages of moneys from such taxes to respective purposes. Eliminates role of Oregon Forest Resources Institute board in establishing rate of privilege tax dedicated to purposes of institute. Requires changes to rates of privilege taxes or to percentages of three combined taxes dedicated to respective purposes, and review of programs funded by taxes, to be based on harvest forecast contained in most recently released quarterly economic and revenue forecast as of last day of February of odd-numbered year. Prohibits Oregon Forest Resources Institute from expending moneys from privilege tax for general advertising on behalf of institute or institute members. Requires Legislative Revenue Officer to submit report, to interim committees of Legislative Assembly related to revenue, on various subjects related to forest products harvest privilege taxes not later than February 1, 2022.**

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; amending ORS 321.015,  
3 321.145, 321.152, 321.185, 477.281, 477.750, 477.755, 477.760, 526.650 and 526.675; repealing ORS  
4 321.017; prescribing an effective date; and providing for revenue raising that requires approval  
5 by a three-fifths majority.

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

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

8 321.015. (1)(a) For the calendar years beginning January 1, [2020] **2022**, and January 1, [2021]  
9 **2023**, there is levied a privilege tax of [90.00] **318** cents per thousand feet, board measure, upon  
10 taxpayers for the privilege of harvesting [of] all merchantable forest products harvested on  
11 forestlands.

12 **(b)(A) In addition to the tax levied under paragraph (a) of this subsection, except as**  
13 **provided in ORS 477.760, there is levied a privilege tax of 94 cents per thousand feet, board**  
14 **measure, upon taxpayers for the privilege of harvesting all merchantable forest products**  
15 **harvested on forestlands.**

16 **(B) Subject to ORS 477.760, the proceeds of the tax shall be dedicated to paying benefits**  
17 **related to fire suppression as provided in ORS 321.005 to 321.185, 321.560 to 321.600 and 477.440**  
18 **to 477.460.**

19 **(C) Subject to ORS 321.145, the proceeds of the tax shall be transferred as provided in**  
20 **ORS 321.152.**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (c)(A) In addition to the taxes levied under paragraphs (a) and (b) of this subsection,  
2 there is levied a privilege tax of 81 cents per thousand feet, board measure, upon taxpayers  
3 for the privilege of harvesting all merchantable forest products harvested on forestlands.

4 (B) The proceeds of the tax shall be used for the purposes for which moneys in the  
5 Oregon Forest Resources Institute Fund may be used.

6 (C) Subject to ORS 321.145, the proceeds of the tax shall be transferred as provided in  
7 ORS 321.152.

8 (2) Subject to ORS 321.145, the proceeds of the tax imposed under subsection (1)(a) of this  
9 section shall be dedicated in the following percentages to the following purposes and trans-  
10 ferred as provided in ORS 321.152 [(2) to the Forest Research and Experiment Account for use]:

11 (a) **28.3 percent** for the forest resource research, experimentation and studies described in ORS  
12 526.215 and for the Forest Research Laboratory established under ORS 526.225.

13 [(2) Except as provided in ORS 477.760, in addition to the tax levied by subsection (1) of this sec-  
14 tion, there is levied a forest products harvest tax upon taxpayers of 62.5 cents per thousand feet, board  
15 measure, for the privilege of harvesting all merchantable forest products harvested on forestlands for  
16 the payment of benefits related to fire suppression as provided in ORS 321.005 to 321.185, 321.560 to  
17 321.600 and 477.440 to 477.460.]

18 [(3) For the calendar years beginning January 1, 2020, and January 1, 2021, in addition to the  
19 taxes levied under subsections (1) and (2) of this section, there is levied a privilege tax upon taxpayers  
20 for the privilege of harvesting all merchantable forest products harvested on forestlands in the amount  
21 of 138.72 cents per thousand feet, board measure, for the purpose of administering the Oregon Forest  
22 Practices Act in an amount not to exceed 40 percent of the total expenditures approved by the Legis-  
23 lative Assembly for this purpose, including salary adjustments approved by the Legislative Assembly  
24 for fiscal years 2020 and 2021.]

25 (b) **65.1 percent to fund the budgeted amount for administration of the Oregon Forest**  
26 **Practices Act, and the forest practices monitoring program, in an amount not to exceed 40**  
27 **percent of the total expenditures approved by the Legislative Assembly for this purpose, in-**  
28 **cluding salary adjustments approved by the Legislative Assembly for fiscal years 2022 and**  
29 **2023.**

30 [(4)] (c) [For the calendar years beginning January 1, 2020, and January 1, 2021, in addition to  
31 the taxes levied by subsections (1) to (3) of this section, there is levied a privilege tax of 10 cents per  
32 thousand feet, board measure, upon taxpayers for the privilege of harvesting all merchantable forest  
33 products harvested on forestlands. Subject to ORS 321.145, the proceeds of the tax shall be transferred  
34 as provided in ORS 321.152 (5) to the subaccount established pursuant to ORS 350.520] **6.6 percent**  
35 for use by Oregon State University for the purpose of making investments in professional forestry  
36 education at the College of Forestry.

37 (3)(a) **The first 25,000 feet, board measure, of forest products harvested annually by any**  
38 **taxpayer during each calendar year shall be excluded from the total quantity of harvested**  
39 **forest products that constitutes the measure of the taxes under ORS 321.005 to 321.185 and**  
40 **321.560 to 321.600.**

41 [(5)] (b) [Subject to subsection (6) of this section,] **With respect to forest products in excess**  
42 **of the amount excluded under paragraph (a) of this subsection,** the taxes shall be measured by  
43 and be applicable to each per thousand feet, board measure, on the total quantity of forest products  
44 harvested in this state measured by use of any log scale which is or may be in general use in the  
45 logging industry and which is designed to measure total volume of merchantable forest products in

1 board feet.

2 (c) *[However]* **Notwithstanding paragraph (b) of this subsection**, if the Department of Re-  
3 venue finds that the scale used by any taxpayer in computing the taxes due under ORS 321.005 to  
4 321.185 and 321.560 to 321.600 does not accurately reflect the total quantity of merchantable forest  
5 products harvested by the taxpayer, it may require the taxpayer to adopt another log scale in gen-  
6 eral use in the industry which in the department's opinion will accurately reflect merchantable  
7 harvest in board feet.

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

11 **(4) Changes to the rates of the privilege taxes levied under subsection (1) of this section**  
12 **or the percentages of the tax dedicated under subsection (2) of this section, and review of**  
13 **the programs funded by the taxes, shall be based on the harvest forecast contained in the**  
14 **most recently released quarterly economic and revenue forecast as of the last day of Feb-**  
15 **ruary of an odd-numbered year.**

16 **SECTION 2.** ORS 321.145 is amended to read:

17 321.145. (1) The revenue from the taxes levied *[by]* **under** ORS 321.005 to 321.185 and 321.560  
18 to 321.600 shall be remitted to the State Treasurer who shall deposit it in a suspense account es-  
19 tablished under the provisions of ORS 293.445.

20 (2)(a) Notwithstanding the provisions of ORS 291.238, the amount of moneys necessary to pay  
21 refunds of the taxes levied under ORS 321.015 *[(1) to (4) hereby]* is appropriated continuously to the  
22 Department of Revenue from the suspense account referred to in subsection (1) of this section, and  
23 shall be used by the department for the payment of all refunds of taxes levied under ORS 321.015  
24 *[(1) to (4)]* that have been audited and approved by the department.

25 (b) Any penalties, interest and taxes then due from the taxpayer shall be applied in that order  
26 in computing any refund, and only the balance due the taxpayer, if any, shall be refunded.

27 (c) **On its records** the department shall *[on its records]* charge each refund against the revenue  
28 from the tax with respect to which the refund is made.

29 **SECTION 3.** ORS 321.152 is amended to read:

30 321.152. (1) Subject to ORS 321.145 (2), moneys remaining in the Department of Revenue's sus-  
31 pense account referred to in ORS 321.145 on February 10, May 10, August 10 and November 10 of  
32 each year shall be transferred to the respective appropriation accounts described in subsections (2)  
33 to *[(5)]* **(6)** of this section.

34 (2) That part of the moneys derived from taxes *[levied by]* **dedicated under** ORS 321.015 *[(1)]*  
35 **(2)(a)** shall be transferred to the Forest Research and Experiment Account described in ORS  
36 321.185.

37 (3) That part of the moneys derived from taxes *[levied by]* **dedicated under** ORS 321.015 *[(3)]*  
38 **(2)(b)** shall be transferred to the State Forestry Department Account referred to in ORS 526.060.  
39 Notwithstanding ORS 291.238, the moneys transferred to the State Forestry Department Account  
40 under this section are **continuously** appropriated *[continuously for and shall be used by]* **to** the State  
41 Forester **to carry out**, under the supervision and direction of the State Board of Forestry, *[for the*  
42 *purposes of administering the Oregon Forest Practices Act and the forest practices monitoring*  
43 *program]* **the purposes set forth in ORS 321.015 (2)(b).**

44 *[(4) That part of the moneys derived from taxes levied by ORS 321.015 (2) shall be transferred to*  
45 *the Oregon Forest Land Protection Fund described in ORS 477.750.]*

1        [(5)] (4) That part of the moneys derived from taxes [levied by] **dedicated under** ORS 321.015  
2 [(4)] (2)(c) shall be transferred to the subaccount established pursuant to ORS 350.520.

3        **(5) Moneys from the tax imposed under ORS 321.015 (1)(b) shall be transferred to the**  
4 **Oregon Forest Land Protection Fund described in ORS 477.750.**

5        **(6) Moneys from the tax imposed under ORS 321.015 (1)(c) shall be transferred to the**  
6 **Oregon Forest Resources Institute Fund created under ORS 526.675.**

7        **SECTION 4.** ORS 321.185 is amended to read:

8        321.185. (1) There hereby is established in the State Treasury in the General Fund an account  
9 to be known as the Forest Research and Experiment Account, which account hereby is appropriated  
10 continuously to the Higher Education Coordinating Commission for distribution to Oregon State  
11 University for the purposes of ORS 526.215 and 526.225.

12        (2) The Forest Research and Experiment Account shall consist of [*allocations from harvest taxes*  
13 *as provided in ORS 321.015 (1)*] **that part of the moneys derived from taxes dedicated under**  
14 **ORS 321.015 (2)(a) and transferred under ORS 321.152 (2).**

15        **SECTION 5.** ORS 477.281 is amended to read:

16        477.281. (1) The obligation of an owner of timberland or grazing land for payment of assessments  
17 and taxes for fire protection of forestland is limited to:

18        (a) The payment of moneys pursuant to ORS 321.015 [(2)] (1)(b), 477.277, 477.295, 477.760 (4) and  
19 477.880 to maintain the Oregon Forest Land Protection Fund; and

20        (b) The payment of forest protection district assessments pursuant to ORS 477.060 and 477.205  
21 to 477.281.

22        (2) As used in this section, “obligation of an owner of timberland or grazing land for payment  
23 of assessments and taxes for fire protection of forestland” does not include the duties or obligations  
24 of the owner under ORS 477.066, 477.068 or 477.120 or the obligations of an owner of land included  
25 in a rural fire protection district pursuant to ORS 478.010.

26        **SECTION 6.** ORS 477.750 is amended to read:

27        477.750. (1) The Oregon Forest Land Protection Fund is created, separate and distinct from the  
28 General Fund. This fund shall be held by the State Treasurer as a trust fund for the uses and pur-  
29 poses provided in ORS 477.750 to 477.775 and 477.880. The State Treasurer shall deposit and invest  
30 moneys in the fund as provided by law, taking into account its uses and purposes. Interest earned  
31 by the fund shall be credited to the fund.

32        (2) Notwithstanding any other law and as limited by ORS 477.750 to 477.775 and 477.880, that  
33 part of the suspense account created by ORS 321.145 that is derived from the tax levied by ORS  
34 321.015 [(2)] (1)(b) after refunds and other costs permitted by law, shall be credited to the Oregon  
35 Forest Land Protection Fund.

36        **SECTION 7.** ORS 477.755 is amended to read:

37        477.755. (1) As used in this section, “annual expenditure” means the expenses of the Oregon  
38 Forest Land Protection Fund obligated in any 12-month period designated by the Emergency Fire  
39 Cost Committee by rule, corresponding to the policy period of any insurance for emergency fire  
40 costs.

41        (2) Notwithstanding ORS 291.238, the moneys in the Oregon Forest Land Protection Fund are  
42 continuously appropriated to the Emergency Fire Cost Committee for the purposes of:

43        (a) Equalizing emergency fire suppression costs for safeguarding forestland in any forest pro-  
44 tection district;

45        (b) Paying necessary administrative expenses, not to exceed the limit authorized by the Legis-

1 lative Assembly each biennium;

2 (c) Contributing to the payment of emergency fire suppression costs insurance premiums, subject  
3 to the payment limitation established in ORS 477.775 (4);

4 (d) Paying costs related to the availability and mobilization of emergency fire suppression re-  
5 sources on a statewide basis; and

6 (e) Paying for nonroutine purchases of supplemental fire prevention, detection or suppression  
7 resources that will enhance the ability of the forester to perform fire protection responsibilities  
8 within a forest protection district.

9 (3) Notwithstanding any other provision of law, the annual expenditure from the Oregon Forest  
10 Land Protection Fund from revenues received from ORS 321.015 [(2)] (1)(b), 477.277 (1), 477.295 (1)  
11 and (2), 477.750 (1) and (2), 477.760 (4) and 477.880 may not exceed the lesser of:

12 (a) \$13.5 million; or

13 (b) The sum of:

14 (A) The lesser of \$10 million or 50 percent of the eligible annual fire suppression costs deter-  
15 mined by the committee;

16 (B) Necessary administrative expenses as determined by the committee and authorized under the  
17 limit described in subsection (2)(b) of this section;

18 (C) Contributions to the payment of emergency fire suppression costs insurance premiums, sub-  
19 ject to the payment limitation established in ORS 477.775 (4);

20 (D) The lesser of \$3 million or three-fifths of the actual cost of activities described in ORS  
21 477.777 (1)(b) and (c); and

22 (E) Any amounts expended for nonroutine purchases described in subsection (2)(e) of this sec-  
23 tion.

24 **SECTION 8.** ORS 477.760 is amended to read:

25 477.760. (1) The reserve base of the Oregon Forest Land Protection Fund is \$22.5 million. On  
26 or about the last day of February of each year the Emergency Fire Cost Committee shall meet and  
27 determine the unencumbered balance of the fund as of the preceding February 16.

28 (2) In order to maintain the reserve base of the fund at \$22.5 million, the Emergency Fire Cost  
29 Committee may request and the State Treasurer may approve transfers to the fund in accordance  
30 with ORS 293.205 to 293.225, if the moneys in this fund fall below the reserve base, whether or not  
31 there are sufficient moneys in the fund to pay the obligations of the fund. Repayment of any such  
32 transfers shall be made from moneys paid into the fund pursuant to ORS 321.015 [(2)] (1)(b), 477.277  
33 and 477.880 and from such other moneys as may be credited to the fund therefor.

34 (3) If the committee determines that the moneys in the fund exceed:

35 (a) The reserve base, and that no repayment obligations are outstanding from transfers made  
36 pursuant to subsection (2) of this section, then the Department of Revenue shall reduce the taxes  
37 described in ORS 321.015 [(2)] (1)(b) by 50 percent for the following calendar year and the surcharge  
38 for each improved lot or parcel described in ORS 477.277 and the assessments described in ORS  
39 477.880 shall be reduced by 50 percent for the following fiscal year.

40 (b) \$30 million, and that no repayment obligations are outstanding from transfers made pursuant  
41 to subsection (2) of this section, then the Department of Revenue may not collect the taxes described  
42 in ORS 321.015 [(2)] (1)(b) for the following calendar year and the surcharge for each improved lot  
43 or parcel described in ORS 477.277 and the assessments described in ORS 477.880 may not be col-  
44 lected until the calendar year or fiscal year following the determination of the committee that the  
45 unencumbered balance in the fund is less than or equal to \$22.5 million.

1 (4)(a) Notwithstanding any other provision of law, if the funds referred to in subsection (2) of  
2 this section are inadequate to cover repayment of transfers from the State Treasurer or from other  
3 sources, the State Forester shall increase the following taxes, assessments and charges in an amount  
4 adequate to ensure repayment of the transfers, and any interest accrued thereon, allowing for con-  
5 tingencies in valuation, assessment and collection:

6 (A) The harvest tax referred to in ORS 321.015 [(2)] (1)(b).

7 (B) The surcharge on developed lots referred to in ORS 477.277.

8 (C) The minimum assessment referred to in ORS 477.295.

9 (D) The acreage assessments referred to in ORS 477.880 (2).

10 (b) The increases to taxes, assessments and charges shall be apportioned based upon the  
11 proportionate levels of revenues received from each source by the Oregon Forest Land Protection  
12 Fund. Any such increases shall be computed on or before January 1 of each year, and shall be based  
13 upon revenues received during the previous four quarters. Any such increases shall be made in the  
14 appropriate calendar or fiscal year following that in which the requested transfers from the State  
15 Treasurer or from other sources are made.

16 **SECTION 9. ORS 321.017 is repealed.**

17 **SECTION 10.** ORS 526.675 is amended to read:

18 526.675. (1) The Oregon Forest Resources Institute Fund is created in the State Treasury, sepa-  
19 rate and distinct from the General Fund. Except as otherwise provided by law, all moneys received  
20 by the Oregon Forest Resources Institute shall be paid into the State Treasury and credited to the  
21 fund. All moneys in the fund are appropriated continuously to the institute to carry out its duties,  
22 functions and powers. Interest earnings on all moneys in the fund shall be retained in the fund.

23 (2) The board of directors of the institute may repay moneys from the fund to persons who paid  
24 a privilege tax levied under ORS [321.017] **321.015 (1)(c)**. The board may repay the amount of tax  
25 paid upon application by the person who paid the tax. The board shall adopt rules necessary for the  
26 implementation of this subsection. Rules adopted by the board shall include standards for the re-  
27 payment of moneys and limits on the amount that may be requested.

28 **SECTION 11.** ORS 526.650 is amended to read:

29 526.650. (1) Notwithstanding ORS 526.645 (2), [*no funds shall be expended by*] the Oregon Forest  
30 Resources Institute **may not expend funds** for the purpose of supporting or opposing litigation or  
31 other legal action which is unrelated to the administration of the institute.

32 (2) [*No funds shall be expended by*] The institute **may not expend funds** for the purpose of in-  
33 fluencing, or attempting to influence, any legislation or any rulemaking or other administrative ac-  
34 tivity of any state board, commission or agency.

35 (3) **The institute may not expend moneys in the Oregon Forest Resources Institute Fund**  
36 **that are derived from the privilege tax imposed under ORS 321.015 (1)(c) for the purpose of**  
37 **designing, producing or purchasing general advertising, in any medium, on behalf of the in-**  
38 **stitute or its members.**

39 **SECTION 12.** Not later than February 1, 2022, the Legislative Revenue Officer shall sub-  
40 mit, in the manner provided in ORS 192.245, a report to the interim committees of the Leg-  
41 islative Assembly related to revenue on the following subjects:

42 (1) **The exclusion under ORS 321.015 (3)(a) of the first 25,000 feet, board measure, of for-**  
43 **est products from the total quantity of harvested forest products that constitutes the**  
44 **measure of the taxes under ORS 321.005 to 321.185 and 321.560 to 321.600;**

45 (2) **The contribution of in-kind supplies and services described in ORS 477.317 (2);**

1       **(3) The provision of ORS 321.015 (2)(b) that the moneys from the privilege tax levied un-**  
2 **der ORS 321.015 (1)(a) and dedicated to the administration of the Oregon Forest Practices**  
3 **Act not exceed 40 percent of the total expenditures approved by the Legislative Assembly for**  
4 **the purpose;**

5       **(4) The \$10 million limitation on the annual expenditure from the Oregon Forest Land**  
6 **Protection Fund under ORS 477.755 (3)(b)(A); and**

7       **(5) Any other related subject the Legislative Revenue Officer considers important for the**  
8 **purpose of preparing the report.**

9       **SECTION 13. This 2021 Act takes effect on the 91st day after the date on which the 2021**  
10 **regular session of the Eighty-first Legislative Assembly adjourns sine die.**

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