

House Bill 2389

Sponsored by Representative MARSH (Pre-session filed.)

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 **as introduced**.

Makes taxes levied upon taxpayers for privilege of harvesting merchantable forest products harvested on forestlands permanent. Provides for annual adjustment of tax rates for inflation. Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to the taxation of the harvesting of forest products; creating new provisions; amending ORS
3 321.015 and 321.017; prescribing an effective date; and providing for revenue raising that re-
4 quires approval by a three-fifths majority.

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

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

7 321.015. (1) [*For the calendar years beginning January 1, 2020, and January 1, 2021,*] There is
8 levied a privilege tax of 90.00 cents per thousand feet, board measure, upon taxpayers for the priv-
9 ilege of harvesting of all merchantable forest products harvested on forestlands. Subject to ORS
10 321.145, the proceeds of the tax shall be transferred as provided in ORS 321.152 (2) to the Forest
11 Research and Experiment Account for use for the forest resource research, experimentation and
12 studies described in ORS 526.215 and for the Forest Research Laboratory established under ORS
13 526.225.

14 (2) Except as provided in ORS 477.760, in addition to the tax levied by subsection (1) of this
15 section, there is levied a forest products harvest tax upon taxpayers of 62.5 cents per thousand feet,
16 board measure, for the privilege of harvesting all merchantable forest products harvested on
17 forestlands for the payment of benefits related to fire suppression as provided in ORS 321.005 to
18 321.185, 321.560 to 321.600 and 477.440 to 477.460.

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

26 (4) [*For the calendar years beginning January 1, 2020, and January 1, 2021,*] In addition to the
27 taxes levied by subsections (1) to (3) of this section, there is levied a privilege tax of 10 cents per
28 thousand feet, board measure, upon taxpayers for the privilege of harvesting all merchantable forest
29 products harvested on forestlands. Subject to ORS 321.145, the proceeds of the tax shall be trans-
30 ferred as provided in ORS 321.152 (5) to the subaccount established pursuant to ORS 350.520 for use
31 by Oregon State University for the purpose of making investments in professional forestry education

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 at the College of Forestry.

2 (5) Subject to subsection (6) of this section, the taxes shall be measured by and be applicable to
3 each per thousand feet, board measure, on the total quantity of forest products harvested in this
4 state measured by use of any log scale which is or may be in general use in the logging industry
5 and which is designed to measure total volume of merchantable forest products in board feet. How-
6 ever, if the Department of Revenue finds that the scale used by any taxpayer in computing the taxes
7 due under ORS 321.005 to 321.185 and 321.560 to 321.600 does not accurately reflect the total
8 quantity of merchantable forest products harvested by the taxpayer, it may require the taxpayer to
9 adopt another log scale in general use in the industry which in the department's opinion will accu-
10 rately reflect merchantable harvest in board feet.

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

14 **(7) The rates of taxes levied under subsections (1) to (4) of this section shall be adjusted**
15 **annually for inflation since 2020 based on the Consumer Price Index for All Urban Consum-**
16 **ers, West Region (All Items), as published by the Bureau of Labor Statistics of the United**
17 **States Department of Labor.**

18 **SECTION 2.** ORS 321.017 is amended to read:

19 321.017. (1) In addition to the taxes levied under ORS 321.015 (1) to (4), there [*hereby*] is levied
20 a privilege tax upon taxpayers on the harvesting of all merchantable forest products harvested on
21 forestlands [*in the amount provided in subsection (2) of this section.*]

22 [(2) *The rate of tax levied in subsection (1) of this section shall be established annually at the be-*
23 *ginning of each calendar year by the board of directors of the Oregon Forest Resources Institute,*] at
24 a rate not to exceed [75] **150** cents per thousand feet, board measure, adjusted annually for inflation
25 since [1991] **2020** based on the Consumer Price Index for All Urban Consumers, West Region (All
26 Items), as published by the Bureau of Labor Statistics of the United States Department of Labor.

27 [(3)] **(2)** The tax **levied under subsection (1) of this section** shall be measured by and be ap-
28 plicable to each per thousand feet, board measure, and such shall be subject to and determined by
29 the procedures and provisions of ORS 321.015 (5) and (6).

30 [(4)] **(3)** The tax [*levied by subsection (1) of this section*] shall be due and payable to the Depart-
31 ment of Revenue in the manner and procedure, including penalties and interest, as set forth for the
32 collection of the privilege tax in ORS 321.005 to 321.185.

33 [(5)] **(4)(a)** The revenue from the tax [*levied by subsection (1) of this section*] shall be remitted
34 to the State Treasurer [*who shall*] **for** deposit [*it*] in a suspense account established under ORS
35 321.145 (1).

36 **(b)** After payment of refunds, which shall be paid in the same manner as other forest products
37 harvest tax refunds are paid [*in*] **under** ORS 321.145 (2), the balance of the [*additional*] **revenue**
38 **from the** tax [*imposed under subsection (1) of this section*] shall be deposited in the Oregon Forest
39 Resources Institute Fund.

40 **SECTION 3. The amendments to ORS 321.015 and 321.017 by sections 1 and 2 of this 2021**
41 **Act apply to the harvesting of merchantable forest products on forestlands on or after Jan-**
42 **uary 1, 2022.**

43 **SECTION 4. This 2021 Act takes effect on the 91st day after the date on which the 2021**
44 **regular session of the Eighty-first Legislative Assembly adjourns sine die.**