

Date: March 2, 2021

To: Chair and Members of the House Committee on Agriculture and Natural Resources
From: Scott Bruun, OBI
RE: OBI Testimony in Opposition to HB 2379

Chair and Members of the Committee:

Good afternoon Chair Witt, Vice Chairs Breese-Iverson and Hudson, and members of the House Ag and Natural Resources Committee. My name is Scott Bruun, and I am Director of Tax and Fiscal Policy for Oregon Business and Industry. OBI is a member-led business trade association. We have 1,600 members that employ more than 330,000 Oregonians. Thank you for the opportunity to testify.

OBI strongly opposes HB 2379.

Many have suggested that a new 5% harvest tax, as called for in HB 2379, is the wrong tax at the wrong time. While we believe the sentiment behind that notion is generally correct, it also infers that there could be a right time for this tax on this industry. We wish to go on record to clearly state that there is not a "right time" for this tax on this industry.

The timber, logging and forest products industries work hard, play by the rules, and pay all the taxes required of them under current statute. Those industries are essential to our state's success. Thousands of Oregon families and numerous Oregon communities benefit from the excellent jobs created and sustained by this industry. To single this industry out for additional taxation does not help Oregon or Oregon families.

Based on Oregon's rising burden of taxation for all industries, we would argue that there is no industry in Oregon that deserves or could sustain to be singled out for new and additional taxation. This is certainly true for Oregon's forest products industries. Simply put, timber, logging and the forest product industries built our state. Perhaps more than any other industry, forest products is the heart and soul of who we are and where we come from as a state. It seems strange to target this uniquely Oregon industry with additional taxes. With respect, it would be like the State of Maine placing new targeted taxes on lobster fishermen, or the State of Vermont doing the same to maple syrup producers.

It is also important to place the proposed tax increases of HB 2379 in the context of Oregon's growing business tax burden. A study conducted last Fall by the Council on State Taxation and the accounting firm of Ernst & Young found that taxes on Oregon businesses are projected to go up \$1.8 billion between 2019 and 2022 when new taxes introduced by the legislature in 2019 are fully phased-in. This is a 41% tax increase in a very short period of time. It moves Oregon from the state with the 40th highest business tax burden in the nation, to 19th.

This hinders the ability of Oregon businesses to grow, to hire, to keep people employed and to compete with other states for job-creating investments. And all of this is before the pandemic-caused economic storm we are weathering right now. How much worse and difficult will it be for

forest product companies, given all this, if we now also add the new tax proposed in HB 2379? How much harder will it be for Oregon's forest product companies to grow, to hire, to keep people employed and to compete with non-Oregon forest product competitors?

For these reasons, OBI asks the committee to support Oregon's quintessential forest products industries by opposing and saying "No" to HB 2379.

Thank you.

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