

February 21, 2021

House Committee on Agriculture & Natural Resources:

Rep. Brad Witt Office, Chair
Rep. Vikki Breese-Iverson, Vice Chair
Rep. Zach Hudson, Vice Chair
Rep. Jami Cate, Member
Rep. Pam Marsh, Member
Rep. Susan McLain, Member
Rep. Bill Post, Member
Rep. Jeff Reardon, Member
Rep. David Brock Smith, Member
Rep. Anna Williams, Member

Re: **Opposition to House Bill HB 2379 (additional testimony)**

Dear Chair Witt and Members of the Committee:

We continue to be opposed to HB 2379. This written testimony is supplemental to the written testimony we submitted on February 21, 2021 and reflects what we have observed in recent public hearings on this matter.

To reiterate from our February 21st testimony, first a little background about us. My wife and I are constituents of Rep. Anna Williams. We are retired, and we own and manage about 84 acres of forestland (certified by the American Tree Farm System for the American Forest Foundation's standards of sustainability) near Estacada, which we have been doing for almost 30 years. We were honored for our work in 2020 as the Clackamas County Farm Forestry Association's Woodland Farmer of the Year and we also received the Oregon Departments of Forestry and Fish & Wildlife "Fish & Wildlife Stewardship Award" in 2020.

After listening intently to public and expert testimony in your hearings of February 18th, 23rd, 25th and March 2nd, we believe you are not getting all the necessary facts on the complex issues of forest-related taxation and wildfire protection policies.

We strongly suggest the following for you to better educate yourselves on these topics prior to voting on, or crafting amendments for HB 2379:

1. Retain the services of a panel (at least three) of nonpartisan certified public accountants with experience in forest-related taxation. This goes beyond the mere tax statistics you heard. Such a presentation must include ALL of the taxes, fees and costs associated with logging (as we summarized for you in our February 21st written testimony of our own, most recent logging example). Such a discussion must also reflect life cycle costs (e.g. over a 50 year timber harvest rotation) that account for property taxes and stewardship costs in addition to the one time logging-related costs, taxes and fees.
 - a. Such a presentation should discuss the differences in taxes, fees and costs paid between small woodland owners and large, industrial timber companies. These differences are significant in terms of costs, economies of scale, tax brackets, etc. It is not appropriate to lump all forestland owners together.
 - b. A presentation that also discusses the differences between complete taxation systems regarding logging within Oregon and Washington. Such comparisons must include all relevant taxes and fees. For example, Oregon has a state income tax, which we pay on

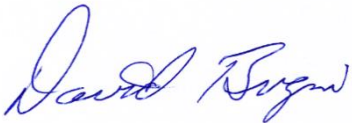
timber harvested. Washington does not, they have a B&O tax, but this tax is only a small fraction of our income tax.

2. The notion that the first 25,000 board foot (25 MBF) exemption in the Forest Products Harvest Tax reflects an advantage, or somehow completely exempts small woodland owners from this tax is not accurate. While it is true that this exemption exists, this amount of timber harvest is quite small. I sincerely doubt many folks, unless they own very small parcels, and/or do their own logging, harvest only this much timber. To put this in perspective, 25 MBF equates to about nine log truck loads, which is often not enough to hire a good professional logger for that service, at least not for any economy of scale. Furthermore, a landowner may receive (at current prices) a NET value (after reductions for logging costs, reforestation, fees and taxes) of roughly \$300/1,000 board feet, or about \$7,500 for 25,000 board feet. Not much. This public policy needs to be weighed against the desired philosophy of delaying harvests as long as possible to achieve much longer rotations between cuttings (say 80 to 120 years) to optimize carbon storage and sequestration potential (among other benefits), which would then result in larger harvests at that time.
3. Lastly, the difficult issue of paying for protection from forest wildfires is also part of HB2379. It is not fair for small woodland owners to pay more than their fair share of wildfire protection costs when the majority of wildfires in recent memory begin on federal land and of those, the majority are caused by humans. In our area, the largest fires, the 2014 “36 Pit” fire (5,500 acres), the 2015 “Eagle Creek” fire (50,000 acres) and the 2020 “Riverside” fire (138,000 acres) were all human caused on public land, which then spread to other lands. Given these facts, the general public should also pay a proportionate share, and also serious thought should be given to temporarily closing our federal forests during extreme dry and windy weather conditions as states such as Colorado are now doing to minimize the risks of wildfire hazards caused by humans. (The City of Estacada recently sent a letter to the US Forest Service recommending a study be undertaken about temporary forest closures for exactly this reason.) This issue must be tackled from multiple angles.

In summary, we continue to find that HB 2379 would be very unfair to small woodland owners. Please take more time to thoroughly educate yourselves on all aspects of these complex issues to craft far-reaching, balanced legislation.

Thank you.

Sincerely,



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