



Associated Oregon Loggers, Inc.

PO Box 12339 • Salem, Oregon 97309-0339 • (503) 364-1330 • Fax (503) 364-0836

March 11, 2021

Chair Lively, Vice Chairs Cate and Kropf, and Committee Members:

For the record, my name is Amanda Astor. I am here on behalf of the Associated Oregon Loggers (AOL) as their forest policy manager. AOL is the statewide trade association and voice of Oregon's forest operators. AOL has been the voice of small family forest businesses for over 50 years. We urge you to support HB 2334.

Thank you for the opportunity to share with you the voice of nearly 1,000 small family forest businesses whom are all heavily regulated. AOL's members work daily to steward Oregon's forests. These honorable small businesses led by forestry professionals employ more than 22,000 Oregonians who provide sustainable forest management services for Oregon's public and private forestlands, while producing economic stability for their communities and living wage jobs for their employees and families.

AOL's members are a critical link in the forest product supply chain but overregulation with limited recognition of regulatory fiscal impact has created an environment less than ideal for these small businesses. Regulated forest contracting is their livelihoods and having accurate fiscal impacts analyzed prior to movement on any rule is necessary to ensure negative consequences do not cause turmoil in the forest contracting sector. The forest sector is a vital part of Oregon's economy and Oregon's forest sector is top in the nation! Oregon is not only known in the US, but around the world as being on the forefront of forest science, management, law and business.

Regrettably, the financial burdens to small businesses resulting from regulation have not been reviewed in earnest over the years and AOL's members have long felt undervalued and left out of the public process. In fact, in 2005 Oregon's legislature recognized this very issue and developed, in statute (ORS 183.336), the "small business impacts analysis" requirement which was to serve the very purpose of recognizing the financial impacts to small businesses from rulemaking.

This statute has become a perfunctory step in the process that is simply completed with little involvement from the entities it is supposed to be reviewing and with ZERO corrective action taken even though ORS 183.540 **requires** agencies to redirect the regulatory process to ensure a better path forward is taken.

The year 2020 was fraught with unprecedented impacts on small family forest businesses. In fact, today a year ago is when the World Health Organization declared COVID-19 as a pandemic and generational damages to our small businesses began.

Additional regulatory burdens on small business would lead to more small business closures and disinvestment that would trigger further consolidation into fewer larger businesses. Oregon's future is more vibrant with a stronger small family forest business community and this bill would protect their interests.

The following unprecedented impacts on family forest small business during 2020—and the disruptive effects that continue today—warrant that the Legislature ensure significant fiscal impacts to small businesses be analyzed and addressed:

"Voice of forest management working families since 1969"
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- A. COVID-19 labor and business restrictions, which reduced productivity, added uncompensated costs, diminished labor participation and causes business losses.
- B. COVID-19 impacted forest product markets, caused shutdowns, idling and added business losses.
- C. Labor shortages for skilled trades workers in forestry, transportation, forest construction, manufacturing—all worsened by the COVID-19 chaos—and compounded business losses.
- D. The cold, snowy and wet winter of 2020-21 has slowed forestry field operations and added business losses.
- E. Wildfire shutdowns idled forest operations statewide for weeks, dictating that small businesses endure unprecedented and unprofitable absence of daily production for one to four weeks.
- F. Forest contractors who protect their communities as voluntary wildfire “first responders” are often uncompensated for their emergency response “initial attack” which has added to small business losses.
- G. Wildfire direct loss—mostly uninsurable—of \$100 million to Oregon forest contractor small business have resulted in capital losses to small business due to burned equipment, destroyed processed timber, idling, remobilization, replacement premium pricing, labor exodus and capital deficits.
- H. The newly-enacted CAT on gross receipts forces these unprofitable small businesses in 2020 were forced to borrow money to pay this new tax obligation—which added to their business losses.

Many in our forestry family say 2020 has induced generational changes to the forest sector. Capping a year that will have lingering fiscal shock on Oregon’s small family forest business—the Legislature now has a bill in front of them that could help curb more destruction to these small businesses.

Now is the time to reenforce the rhetoric and spirit of ORS 183.336. It clearly lines out the need for serious consideration of the economic effects of regulation. Now is the time to step in and protect these small businesses, their communities and their families they support.

Thank you for your consideration of our testimony in support of HB 2334. AOL urges you to vote YES on this vital bill.

Graciously,

Amanda Astor (she/her/hers)

Forest Policy Manager

2015 Madrona Ave SE

Salem, OR 97302

Office: 503.364.1330

PO Box 12339

Salem, Or 97309

Fax: 503.364.0836

Mobile: 503.983.4017