Oregon Forest Taxation
Oregon is the nation’s #1 producer of softwood lumber and plywood

Source: Oregon Forest Resources Institute
1.) Measures 5 and 47/50 apply to all real property in the state regardless of land use category

2.) Severance taxes are for extraction of non-renewable resources

3.) Private timber is a crop

4.) The tax code should not encourage the conversion and development of working lands
History of Oregon Forest Taxation

1953: Forest Products Harvest Tax

1971: Forest Practices Act

1990: BM 5 limits prop. tax rate

1993/95: Timber is a crop

1996/7: BMs 47/50 freeze prop. tax rates

1997/99: Privilege taxes phased out; 100% MSAV land tax phased in

2001: Assessed forestland values established
Trees are renewable
Timber Is a Crop...
And More Than a Crop!
Goal 4: Forestlands

“Protects working forest land around the state, preserving it for commercial forestry while recognizing its value for fish and wildlife habitat, recreation, and protection of air and water quality.”
# Changes in Forestland Area

<table>
<thead>
<tr>
<th>State</th>
<th>2012 Area</th>
<th>% 1907 Area</th>
<th>1907 Area</th>
<th>1630 Area</th>
<th>% 1630 Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oregon</td>
<td>29,787</td>
<td><strong>94%</strong></td>
<td>31,729</td>
<td>30,590</td>
<td>97%</td>
</tr>
<tr>
<td>Washington</td>
<td>22,435</td>
<td>84%</td>
<td>26,834</td>
<td>25,670</td>
<td>87%</td>
</tr>
<tr>
<td>California</td>
<td>32,057</td>
<td>86%</td>
<td>37,404</td>
<td>51,970</td>
<td>62%</td>
</tr>
<tr>
<td>United States</td>
<td>766,234</td>
<td>103%</td>
<td>740,870</td>
<td>1,022,535</td>
<td>75%</td>
</tr>
</tbody>
</table>

How is the timber industry taxed?

<table>
<thead>
<tr>
<th>FY 2019</th>
<th>✓ Property taxes</th>
<th>$58.3 M</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✓ Income taxes</td>
<td>$34.6 M</td>
</tr>
<tr>
<td></td>
<td>✓ Small Tract Forestland</td>
<td>$1.2 M</td>
</tr>
<tr>
<td></td>
<td>✓ Corp. Income/Excise</td>
<td>$2.6 M</td>
</tr>
<tr>
<td></td>
<td>✓ Fire Assessments</td>
<td>$28.9 M</td>
</tr>
<tr>
<td></td>
<td>✓ Privilege tax</td>
<td>$16.4 M</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$142.1 M</td>
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Forest landowners are taxed like all other landowners in Oregon.

Timber is taxed like other crops in Oregon – and then some.
Oregon’s forest products companies already shoulder a higher tax rate than other businesses in our state.

State taxes plus local property taxes divided by industry gross value added

Source: Ernst & Young Study
What about fire funding?
OREGON FIRE FUNDING

1. BASE FIRE PROTECTION
   - Puts out 96% of fires at 10 acres or less
   - 50% State Funds
   - 50% Private Funds

2. SEVERITY RESOURCES
   - $3M
   - $2M
   - 50% State Funds
   - 50% Private Funds
   - *Plus $1M in post-fire rate rebates

3. LARGE FIRE
   - $3.7 million insurance premium
   - 50% State Funds
   - 50% Private Funds

4. 1ST $20 MILLION OF DEDUCTIBLE
   - $30M remaining deductible
   - $50M total deductible

5. INSURANCE POLICY
   - $25M

The forest products harvest tax is only one of six ways private landowners fund fire. Annually, private landowners pay ~$30 million for fire. Only $2.25 million comes from the FPHT.
Landowner contributions to fire are NOT stagnant

% increase over previous year

Source: ODF

Landowner contributions to fire are NOT stagnant

ODF annual budget for base fire protection
Private landowners in Oregon pay more for fire than any other state – 

>2x more than WA.

<table>
<thead>
<tr>
<th>FY 2019</th>
<th>WA</th>
<th>Per acre</th>
<th>OR</th>
<th>Per acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Assessments</td>
<td>$10.3 M</td>
<td>$1.32</td>
<td>$28.9 M</td>
<td>$2.83</td>
</tr>
</tbody>
</table>

Other western states don’t pay nearly as much.

- CA, AK, ID, MT, NM: all large fire costs paid by the general fund
- CA and NM: all fire funded 100 percent by the general fund.
What would HB 2379 do?

DOUBLE the total taxes currently paid by the forest sector.

5% severance tax = ~$140 million in harvest tax revenue

The forest sector’s effective aggregate tax rate would be over 12%

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<td><strong>Total</strong></td>
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Questions?