

Please support HB 2379. Re-establishing a substantial tax on harvested timber is critical to the health and safety of Oregonians who depend on county revenue for essential services.

The role of Big Timber in Oregon's economy has been reduced to where it now provides a very small proportion of jobs in the State. This has been done through increasing mechanization minimizing the need for labor while maximizing the profits of owners, now predominantly out-of-state Wall Street investors who want to lobby the Legislature out of imposing minimal taxation that would serve the public interest. Legislators should represent the public's interests and stand up to Big Timber by re-imposing a fair severance tax.

The power of Oregon's forests to sequester carbon, and the threats of climate change are so great, we should not continue allowing the destruction of our forests at all. But if we're going to continue doing so for the time being, Big Timber should at the very least submit to reasonably fair taxation so as to fund desperately needed public services gutted by the repeal of severance taxation years ago.

Ideally, the bill should:

- have at least 40% of the money going to counties for them to use as they see fit,
- address the cost of wildfire fighting, but also prepare communities for fire,
- give a break to those taking excellent care of their land and harvesting on long cycles, and
- recognize that small forestland owners don't have the economy of scale of big industrial owners, and therefore tax them at a lower level.

It's outrageous to spend General Fund money fighting fires on private forest owners' lands while leaving counties without adequate resources because a prior Legislature gave away their harvest tax revenue in the 90's.

1. Legislators phased out our timber taxes for counties beginning in the mid 1990's. Those taxes have been gone since 2003. The eliminated severance tax was to be replaced by increased property taxes, but instead, property taxes were capped by Measure 5 and Measure 50. Many rural counties are hurting deeply as a consequence. Counties should get at least 40% of the new revenue.
2. Much of the private industrial timber land in Oregon formerly owned by corporations is now owned by REITs (Real Estate Investment Trusts) and TIMOs (Timber Investment Management Organizations) that pay no corporate income taxes. Shareholders pay only personal income taxes wherever they live – New York, California, Japan – not necessarily Oregon. So while counties lost property taxes, the state has lost timber income taxes. Meanwhile wildfire fighting costs have gone up. Both counties and the State deserve revenue from this industry.
3. In addition, nearly all commercial timberland owners now cut trees on a short growth cycle which is bad for forest health, carbon sequestration, wood production and drinking water quantity and quality. Young harvests are good for profits for investors, but little else. There should be robust incentives for the forestland owners who meet the strict standards of the Forest Stewardship Council Certification.
4. Owners of 20, 100 or 500 acres will never get the same deals on either the cost of harvesting or the prices when selling their trees at the mills. The tax rate should recognize this and charge industrial forestland owners more than small forestland owners.

Both the State and communities where timber is harvested are suffering from lost revenue. It's time to reinstate the severance tax with HB 2379.

Thank you for your time and consideration.