

**Date:** April 8, 2021

**To:** Chair Nancy Nathanson, Vice-Chairs Khank Pham and E. Warner Reschke, and Members of the House Committee on Revenue

**From:** Susan Watkins, 13440 SW McCabe Chapel Road, McMinnville, Oregon 97128

**Re:** HB 2379; *Opposed*

Thank you for the opportunity to address you regarding HB 2379.

My name is Susan Watkins. I served two terms on the Board of Forestry's Committee for Family Forestlands (CFF), including one year as Committee chair, and I currently serve on the Board of the Small Woodlands Association chapter in Yamhill County, where my husband and I own a small (45 acres) forest.

I offer these comments on behalf of small woodland owners who ask you *not* to eliminate OFRI, *not* to alter the public-private partnership designed to counter wildfire, and *not* to change so drastically the way timber is taxed in Oregon.

This bill as currently written (HB 2379-6) will damage not only forestry in Oregon, but also forests.

When I served on the CFF, the overriding goal of the Department of Forestry (ODF) was clear: keep as much forested land in forests as possible. HB 2379-6 doesn't serve that goal.

**Fire.** HB 2379-6 seeks to capitalize on the worry we all feel about wildfire following last fall's disastrous events. However, HB 2379-6 completely ignores the existing funding scheme and the long series of negotiations that developed it. Small woodlands representatives worked long and hard to establish equitable funding mechanisms that both shared the costs of fire suppression and prevention among landowners and the general public, which also benefits when fire severity is reduced, and also recognized the need for rate relief on Oregon's East Side, which has historically been victimized by high rates of lightning-caused fire. Yes, we need stable wildfire funding. No, this is not the way to reach that goal.

**OFRI.** HB 2379-6 eliminates OFRI, a key resource for Oregon's 60,000 small landowners. I have worked closely with OFRI, both as a landowner and as an advocate for small forest owners. OFRI supplies essential information, education, and support to small woodland owners, offering an amazing array of data, publications, and courses. The *knowyourforest.org* website is a fantastic resource for landowners like me, offering online classes and identifying important resources. OFRI provides this platform for the Partnership for Forestry Education as part of its statutory charge, to "[s]upport education ... to:

- (a) Practice good stewardship of the land...;
- (c) Encourage, facilitate and assist private forest landowners to meet or exceed state and federal regulations...; and
- (e) ... serve as a clearinghouse for the dissemination of information to private forest landowners, through conferences, workshops and other means, about modern land management practices." [ORS 526.640]

In addition, OFRI supports organizations like the Oregon Small Woodlands Association that advocate for small landowners by gathering data about forest ownerships, the problems small landowners face, and solutions to those problems. Without OFRI, other agencies would have to expand their efforts in order to meet landowners' needs -- but without OFRI's (voluntary) funding. It may be that OFRI requires changes; if so, an audit currently being undertaken by the Secretary of State will tell us that. Before this legislature acts, it needs to see the results of that audit.

**Tax.** The new tax scheme purports to treat fairly those landowners who choose to harvest by applying a graduated scheme based primarily on land ownership size. But the scheme fails to recognize that "value" at the mill does not always equate to money in a landowner's pocket. Adjusted income would be a fairer measure, but, really, a key problem is the favorable tax rate the federal government gives to TIMOs and REITs, which harvest without the personal relationship to the land that small landowners and many of Oregon's industrial landowners have. HB 2379-6 also grants a credit for tree farms certified by FSC. A great many of Oregon's small forests are certified by another, widely recognized system, American Tree Farm system, which is much cheaper for landowners, not because the work in the woods is less rigorous, but because the required inspections are far less expensive. This bill devalues the work many of us put in to retain our Tree Farm certification.

**To repeat:** The goal of this legislation is not clear. Are you trying to discourage timber harvests--or to discourage growing larger, older trees? Are you hoping to persuade small landowners to abandon forestry and convert their lands to other uses? Are you hopeful that small landowners will fail at creating and preserving healthy, sustainable forests -- woods that produce clean air and water, provide habitat for fish and other wildlife, and sequester carbon? If those are your goals, then by all means pass HB 2379-6.

If you are simply angry at forestry, perhaps because TIMOs and REITs receive favorable federal tax treatment or because consumers continue to demand lumber and other wood products, you should evaluate your goals for the industry. Keep in mind that fewer Douglas fir need to be harvested to satisfy consumer's needs than trees in, say, tropical rain forests. A better bill would clearly state its goals and work with industry to achieve them.

Thank you.