



GIUSTINA RESOURCES

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Rep. Nancy Nathanson, Chair
Oregon House Committee on Revenue

Dear Chair Nathanson, Vice-Chairs Reschke and Pham, and members of the Committee:

My name is Peter Sikora. I am a Certified Forester with over 40 years as a professional forester and I serve as CEO for Giustina Resources, a company responsible for family-owned forest land that has been sustainably managed for over 100 years. I served on the Oregon Forest Resources (OFRI) board for six years, three of those as board chair. I also served on the Emergency Fire Cost Committee from 2013-2018, the Linn Forest Protective Association board from 1994-2009 (President 2003-2005), the Eastern Lane Forest Protective Association board, the Oregon Department of Forestry Headquarters Services Committee, and numerous ODF fire funding efforts.

HB 2379 is bad for Oregon, its forests, and rural communities and we urge you to not move this bill forward.

Regarding the severance tax element, a key unintended consequence will likely be disinvestment in forests by private individuals, families, and companies, including the conversion of forests away from productive active forest management. Keeping forests as forests is critical to jobs, combating climate change, and healthy rural communities. The tax burden on private forests already exceeds those in the agriculture sector. This is not about public forests, but rather about the deliberate private investment in forests that takes decades to mature while facing many risks such as weather, insects, disease, climate change, fire, and politics.

Regarding the fire funding element, it is important to understand that Oregon's fire protection system on state, private, and contracted BLM lands in western Oregon is not broken. The system is quite complex but is a product of over a hundred years of state & private cooperation and coordination and is highly successful. The Oregon Department of Forestry and Forest Protective Associations protect 50% of forest land acres in Oregon, but these lands only account for 7% of acres burned on average. Funding for the program is quite complex but the FPHT assessment is only a small portion of the total. The bulk of the funding is at the base District level where 98% of the fires are suppressed. Recognizing the complexity and importance of this system, Governor Brown initiated a very comprehensive and inclusive review in 2019 known as the Governor's Council of Wildfire Response. The proposals in HB 2379 are not in line with recommendations made by the Council and are actually disrespectful to that deliberate and thorough process.

Regarding the Emergency Fire Cost Committee (EFCC) element, I can't begin to comprehend the rationale for eliminating such an important oversight function. The EFCC not only oversees the Oregon Forestland Protection Fund (OFLPF), but it also provides audit, insurance procurement, fire collections, and strategic investment functions. You may not be aware of it, but the primary reason why the deductible on the \$25 million Lloyd's of London large fire policy increased from \$20 million to \$50 million was the result of two consecutive years of significant insurance claims. These were directly attributable to several very large and expensive BLM fires. As a result, the Emergency Fire Cost Committee initiated a study that found that the BLM had only been contributing 3% of the money into the Oregon Forestland Protection Fund (OFLPF), but was responsible for 68% of the large suppression costs. This inequity was resolved by BLM becoming responsible for their own large fire costs instead of the OFLPF and General Fund. This has not only saved the General Fund over \$30 million over the past three years, but it is probably the only reason why we still have the unique insurance policy with Lloyd's.

Regarding the Oregon Forest Resources Institute element, I think it is important to understand that OFRI does not receive any financial support from Oregon's General Fund. Funding for OFRI, similar to commodity commissions for other agricultural crops, comes from those that harvest the crop. Education is OFRI's mission, and unlike the other 22 Oregon commodity commissions, OFRI is not allowed to lobby. And, like all other commodity commissions, OFRI's efforts are directed by those that fund it. The current mission and governance is appropriate for an organization that is vitally important to helping bridge the urban-rural divide and in helping forest landowners better manage their forests.

HB 2379 is a short-sighted and simplistic bill that will not only significantly impact a very complex and important sector, but lead to far-reaching negative consequences throughout Oregon and especially rural Oregon. Thank you very much for the opportunity to comment.

Respectfully,

Peter Sikora
CEO, Giustina Resources