

HB 2070: different approaches

The Forest Products Harvest Tax is comprised of five distinct rates based on information provided by different entities (ODF, OSU, OFRI). Four of the rates are adjusted statutorily by the Legislature biennially. One rate, the OFRI rate is set by the OFRI board annually.

For the four that are set by the Legislature, the House Revenue Committee passes a bill describing the harvest tax, with blank rates, and the bill goes to Joint Committee on Ways and Means. Legislative Fiscal Office contacts the various entities who then each provide budgets in late May or early June to support the various programs, which informs the rates that LFO develops and puts into the bill. The legislature then votes on the funding bill, known as the Forest Products Harvest Tax bill; this requires a 3/5 vote. Once enrolled, and formal rates are established, the Department of Revenue collects it, and the money goes to a suspense account at Treasury for distribution. Current rates are as follows:

| | | |
|--|----------|---------|
| 1. Forest Research Lab (OSU) | \$0.9000 | (21.8%) |
| 2. Oregon Forestland Protection Fund (Emergency Fire Cost Committee) | \$.6250 | (15.1%) |
| 3. Oregon Forest Practices Act (ODF) | \$1.3872 | (33.6%) |
| 4. Forestry education (OSU) | \$.1000 | (2.4%) |
| 5. Oregon Forest Resources Institute (OFRI) | \$1.1200 | (27.1%) |

HB 2070 -1 and -2 amendments, concise overview

- Makes the tax permanent instead of adjusted and reconsidered each biennium
- First 25,000 board feet excluded (current law)
- Adjust for inflation annually
- Rate: **different tax rates** for various purposes (Marsh); **single rate** with proportional allocation (Nathanson)

| | Current law (sunsets 12-31-21) | Marsh amendment (-1) | Nathanson amendment (-2) |
|--|-----------------------------------|---|---|
| Vote to adopt tax this year | 3/5 | 3/5 | 3/5 |
| Vote every two years | Yes | No | No |
| Funding can be adjusted to respond to unforeseen circumstances | No | Yes | Yes |
| Total rate | \$4.1322 Five rates | \$4.5122 Five rates based on current, adjusted for inflation | \$4.5256 Single rate 10-yr average for 1,4,5; 10-yr high point for 2,3 |