

To: Chair Witt and Members of the House Agriculture and Natural Resources Committee
From: KB Mercer
Date: February 25, 2021
Re: Timber Harvest Severance Tax

Along with many others, I was shocked by the articles published by OPB and the Oregonian last year on how the timber harvest tax was phased out in the 90s and how that led to the loss since that phase out of about \$3 billion to support mostly rural counties and communities in our state. We need to reinstitute a timber harvest severance tax to ensure that the primary owners of private forest lands in Oregon, mostly Real Estate Investment Trusts and Timber Investment Management Operations, who do not pay corporate income taxes, pay their fair share.

These REITs and TIMOs have one primary interest – short term returns to shareholders. They are not concerned about the long-term health of our forests. They are not concerned about the health of our water supply watersheds and ensuring clean drinking water reaches our rural communities. They are not concerned about the use of pesticides and impacts on human health. They are not concerned about protecting habitat for endangered species like salmon. That is why we see so many clear cuts any time you drive through the Coast range. They cut typically on a 35 – 40 year cycle with money flowing to out of state investors. We need for at least some small percentage of that revenue to stay in the state.

Most importantly we need to provide an economic incentive for these corporations to practice climate smart forestry, where we know that the biggest bang for our bucks is to simply grow trees longer – preferably 80 years. By reducing the tax burden when trees are grown longer we can provide that incentive. We also need to ensure that those forest are managed to Forest Stewardship Council certification standards. By doing that we will provide greater protection for our water supply watersheds, provide better habitat for endangered species and actually transform our forests from carbon sources to carbon sinks.

Many of our rural counties and communities are hurting. Too many people have lost access to libraries and lack the kind robust public services they deserve. Most of the revenue that would result from this timber harvest severance tax should be returned to rural counties as property tax and support critical needs such as public safety. Some portion should be retained by the state to fund protection of water supply water sheds and for protection from wildfires.

Sincerely,

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