

Opposition to House Bills 2379, 2389, 2430, and 2598

Chairman Witt and Committee Members,

Our names are Steve and Wylda Cafferata and we live and vote in Lane County. We are small woodland owners who saved for over 40 years to purchase the 350 acres that comprise the Cafferata Family Forest LLC. Steve is a certified forester who has practiced forestry in Oregon for 45 years, always in the private sector. Wylda is a graduate of Oregon's Master Woodland Manager Program, a member of Women Owning Woodlands (WOWnet), and serves on Lane County's Small Woodland Association Board. We both serve on the Oregon Tree Farm System's Board of Directors. In 2017, we were honored to be selected as Oregon's Tree Farmers of the Year. We wish to explain our opposition to House Bills 2379, 2389, 2430, 2598, and our support for HB 2070.

First, we want to express our concern over the up-ending of the fire protection and fire funding in Oregon. Our Complete and Coordinated System has evolved over the past 100 years to the fine partnership we have today. Steve has personally worked within this system, from a fire fighter called to duty during lightning events, to providing resources during emergencies, serving on fire association boards, to working as a liaison on project fires, and now on the Emergency Fire Cost Committee. The sharing of responsibility and funding for our Oregon system works extremely well and is the envy of many states.

We are not saying that it is not possible to make improvements to the Complete and Coordinated System. Many have been made over the years, and more can be made with thoughtful consideration of all involved. However, we urge you not to disrupt this system and the funding for it. HB 2379 repeals ORS 321.012, thereby eliminating Oregon's long-standing policy that the public as a whole shares responsibility for protecting the forests of the state by making funds available from time to time for suppression of fires caused by the public. To make private landowners responsible for most if not all of the costs of large fires, as Section 33 of HB 2379 does, is unfair, and has no basis in data. Additionally, the bill eliminates the Oregon Forest Land Protection Fund and shifts the costs of large fires entirely to the forest landowners. Landowners cause very few fires and have strict liability for operators' fires. Most fires start from lightning or the general public. Many result from escaped fires from federal lands. Under our current system, when the cost of wildfires exceeds the amount budgeted for fire fighting in the protection district's budgets, districts apply to the Emergency Fire Cost Committee to make up the difference. Land owners contribute to this fund as well as rural residents. Under the proposed system, only landowners who harvest would bear all the costs of fire protection. Again, Oregon takes justifiable pride in our complete and coordinated fire system in which the state, private landowners, and our federal partners work together to fight fires and share costs.

Second, we wish to express our opposition to the severance tax that is proposed in these house bills. We would like to dispel the illusion that growing trees is a lucrative business. Far from it, when a load of logs can be worth as little as \$1200 and a high-value load might be worth \$5000 at the mill. It may cost 40-80% or more of this value in logging and trucking costs. We must grow the trees for 40-60 years, with all the annual and establishment costs carried forward. We estimate the return on our Cafferata Family Forest LLC investments over a rotation to be three to four percent at best. And as you know, this is not a risk-free investment. Personally, we have suffered ice and snow damage over the past five years. (The Holiday Farm Fire was stopped ¼ mile from our tree farm thanks to the work of Oregon Department of Forestry and private resources.) Salvage of snow damage was done at a loss. A severance tax would have increased our losses even more. In the past eight years, we have thinned and salvaged over-stocked stands to improve forest health and reduce fire hazard. We removed 42 loads of logs and our net did not pay for a single year's property taxes. A severance tax could have made it too costly to do this work, work that was beneficial to our forest's health, and provided many family-wage jobs, even though we did not net any income from it.

Severance taxes are by definition taxes on found resources such as oil, coal, and old-growth timber. We have moved far beyond this with third and fourth growth forests. Timber is a crop that takes a lot of resources and time to

grow. Oregon's legislature has determined it to be a crop. If you decide to impose a severance tax on wood, then, logically, you should do the same on all of Oregon's agricultural crops. While we understand and sympathize with Oregon's need for more financial resources, we fail to understand why private forest owners should be singled out for providing an inequitable share of the tax burden.

We hope that the public policy of Oregon is to keep forests as forests for all the public benefits they provide. A selective severance tax tips the balance to convert some forests to other purposes, thus losing the many public benefits forests provide. Many comparisons have been made during the course of your hearings among California, Washington, and Oregon's forest policies. We would like to reiterate that Oregon's loss of timberland to other purposes is far less than our neighboring states. Since 1907, Oregon has maintained 94% of its forest land, whereas both Washington and California have lost over 15% to development. We urge you not to impose taxes that would cause loss of forest land.

We want to remind you that Oregon's forest land owners pay both federal and state income taxes on their harvests as well as the harvest tax. We also pay property taxes based on land productivity, and fire assessments to support protection districts. Additionally we pay minimum lot and improved lot taxes as well as per acre taxes to support the Oregon Forest Land Protection fund.

As forest land owners, we feel we need to pay our fair share of taxes. However, these proposed tax bills are not fair. They would not only adversely impact forest management and keeping forest land growing forests, but also adversely impact the ability of families such as ours to manage our land for the many benefits forests provide. We are proud of the contributions our forests make that benefit all Oregonians in many ways. We would like to trust our legislature to encourage the continuation of our efforts.

Thank you for your consideration and time.

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