

Chairman Witt and Committee members;

For the record, my name is Kent Tresidder. I operate a tree farm near Coquille. I'm a member of the Oregon Small Woodland Association and the Society of American Foresters.

I would like to begin by stating that I oppose this bill in its current form.

Severance taxes were once appropriate for old growth timber, which was considered a depletable reserve. Today, however, young growth timber is considered a crop due to its short rotations. It just has a longer growing period and thus, a longer interval between cash flows.

Small Forest landowners don't have the luxury of annual income like the big boys. But they do have the responsibility of paying all the carrying costs for the 45- year rotation period. There are also access development costs prior to harvest. Then there is site preparation and reforestation costs following harvest, which can equal the value of the land itself!

A severance tax adds to the costs of managing a timber crop, which like all of agriculture, is risky business due to the many environmental, regulatory, and economic variables. As an additional burden a severance tax could be a disincentive to continuing forest use of the land.

Forestlands can be legally converted to higher and better uses. This includes "designated" forestland, forestlands meeting the template test, and forestlands qualifying for homesites under Measure 49. If a severance tax is imposed, we could see urban creep, which would be inconsistent with Oregon's land use objectives.

Another troubling aspect of HB 2379 is the repeal of ORS 321.017 which, as I understand it, eliminates funding for OFRI. OFRI serves as the OR forestland commodity commission. We pay for it and we like it. Why is it being eliminated?

In closing, I'd like to be constructive by offering an idea. In the interests of tax equity, it would be helpful to see a study which compares the federal revenue from the Secure Rural Schools Funding with the revenue received from the existing timber tax program, both on a per acre basis. It seems entirely possible that the federal government may not be paying their fair share of in-lieu property taxes. If that possibility should be true, perhaps a discussion with our Congressional delegation would be in order, rather than burdening our forest landowners.

Thank you for reading my comments.

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