

February 25, 2021

House Ag and Natural Resource Committee

Chair Witt, Vice-Chairs Breese-Iverson and Hudson, and committee members,

Thank you for setting up this four hearing process to better understand these forest taxation house bills and the impact they will have on the forest sector and county government.

I am opposed to House Bills 2379 and 2598 related to establish a severance tax on harvested forest products, and House Bills 2389 and 2430 that propose changes to the Forest Product Harvest Tax.

My name is Mike Barsotti. I'm a family forest landowner and with my wife live on our forested property in Linn Count. I am past president of the Oregon Small Woodlands Association and a retired forester who worked 32 years for the Oregon Department of Forestry. I'm also a member of the Wildfire Study Technical Advisory Group which is currently studying Oregon wildfire cost structure.

Our forest is in Salem's watershed. It is certified and we manage it for goals that benefit my wife and I, and all Oregonians.

Not to repeat what already has been addressed, I agree with the comments made by Chris Edwards, Kevin Campbell, Hasina Wittenberg, Lauren Smith and Commissioner John Sweet.

I will focus my comments on three issues: fair tax treatment of forest landowners, funding county services, and funding wildfire prevention and suppression.

I don't envy your task of establishing fair taxes, but fairness is a core principle in taxing individuals and companies to provide Oregonian a broad array of services. We all need to contribute as we all benefit from public services provided.

Trees are a crop just like the many products farmers produce. Trees I've planted have been commercially thinned. Farmers do not pay a severance tax on their crops so why in fairness should we forest landowner.

Farm crops provide Oregonian food and rural jobs that benefit our economy. Forest landowners provide building material, clean water, wildlife habitat, recreation, and carbon sequestration and good paying jobs to name a few. Landowners are paid for timber harvested, but not for the ecological and social values our forests provide. I see no justification for taxing our harvest but not the harvest from the ag community.

With regards to county revenue: there can be no disagreement that counties are struggling to provide the services we need. But the cause of lower revenues goes far beyond the loss of severance tax dollars. Looking to find a better property tax structure has been an issue since Governor McCall was in office. Ballot Measures 5 and 47/49 addressed it; save all landowners money, but really reduced county revenue. The loss of revenue from federal forest harvests also contributes to county revenue shortages. How to better fund counties is complex and should not be put solely on the backs of forestland owners.

These bills are also seriously flawed because they sent proposed timber tax revenue elsewhere as Commissioner Sweet so clearly stated at your last hearing.

With regards to restructuring the funding of wildfire prevention and suppression: the August 2020 Special Session approved HB 4304, which among other things, directed the Department of Administrative Services to contract an outside group to study wildfire suppression costs. As I mentioned above, I serve on the study's Technical Advisory Group. With the legislature directing DAS and provide the funds to study wildfire prevention and suppression funding, why would it approve any bill that purposes to change the State's current wildfire funding strategy before this third party report is completed?

In summary, it is not fair to tax different sectors of our economy differently, the loss of county revenue is more complex than loss of timber severance tax revenue, and changing current wildfire funding is premature. Information and data in all areas needs to be more thoroughly consider before moving forward.

And finally, thank you again for taking the time to better understand the issues and to provide opportunities for input.

Mike Barsotti  
44886 E. McCully Mtn. Rd.  
Lyons, OR 97358