

Good Afternoon Chairman Witt, Vice-chairs Breese-Iverson and Hudson, and all the members of the Agriculture and Natural Resource Committee. I am pleased to talk to you today to inform you of the impact of tax proposals on my family, my neighbors, and the 140,000 other family forest landowners representing one third of the private forestland in Oregon.

My name is Ken Nygren, from Yamhill County. I am a forest landowner and the current President of the Oregon Small Woodlands Association. I am also a Certified Professional Forester who owns a consulting forestry business, a volunteer Tree Farm Certification Inspector, a retired military officer, and until last month our county Assistant Emergency Manager dealing with the county response to wildland fires and other natural disasters. I am a third-generation forester in my family and my son is the fourth generation. My siblings, their spouses, and our children are teachers, lawyers, pharmacists, counselors, nurses, insurance adjusters, engineers, military officers, and civil servants. The one common passion we all share is our love for our forested properties, the sense of stewardship for land, and the benefits they provide to us and our communities.

As you can tell, my family possesses a strong sense civic responsibility which is why we are not opposed to paying taxes and paying for the costs of public goods and services. This is why we are happy to support HB 2070 which extends the current Forest Product Harvest Tax on merchantable forest products and allows for a bi-annual adjustment in that harvest tax. This tax bill provides about 50% of the money for the Forestland Protection Fund for wildland firefighting, supports OSU natural resource research, provides funding for natural resource educational benefits to k-12 and the general public through the Oregon Forest Resource Institute, and provides about 40% of the funding for the Forest Practices Act implementation. We do not feel there is a need to change this effective system of establishing the harvest tax rate, so we do not support the HB 2389 and HB 2430 changes to this tax.

The second item of concern for us today is the consideration of imposing a new type of tax on timber called a severance tax that is vague and poorly describes how it will be implemented. HB 2379 is focused on shifting the public burden for wildland firefighting on to force a small segment of the overall public, who

already covers an oversized percentage of the cost, to cover the majority of the costs of wildland firefighting. While it would continue funding for administering the Forest Practices Act, it would shift funding away from the critical responsibility of educating the public and our children of how to properly care for natural resources by eliminating the Oregon Forest Resources Institute in sections 14 and 27. In addition, it would shift funds into the general fund of counties to help them pay for any expense they choose.

HB 2379 creates a situation in which a tax is imposed on a narrowly defined segment of the public (forestland owners) to pay for the benefits of the general population overall. We forestland owners have invested our savings and sweat into establishing the forest and maintaining its health. We pay full property taxes for the value of property uses we are allowed and rural fire protection assessment fees, school and other bonds and levies, and also income or capital gains taxes on this revenue. Like a farmer growing food necessary for human survival, we put our personal wealth into growing trees for the public to benefit with affordable housing, paper, and even products like glue with an expectation of a return on that investment. And also, like taxing a farmer's harvest, taxing the tree farmer's harvest will place the burden of providing and paying for the general public's benefits on families that are statistically 25% less able to afford the loss of revenue from their median family earnings.

In my business and through the association, I deal with family forest landowners helping them to realize their dreams and goals for their properties, so I know that they share the same motivations and investment for forest land ownership that my family does. For them, the opportunity to harvest their timber crop is a once a generational event. Therefore, the decision to harvest or to keep the forest as a forest and not convert it into another use is a significant event. Imposing a severance tax and imposing the burden of providing general public benefits is not a fair tax. My family is ready to stand with our urban and rural non-timber harvesting neighbors to pay our fair share for the public good, but a severance tax is not that.