

My name is Fred Holzmer, and I live in Newport, Oregon. I'm submitting this written testimony in support of HB 2379. I have several Global Comments on the topic of this proposed legislation, followed by several Proposed Amendments to the current draft bill.

GLOBAL COMMENTS re: Timber Tax Fairness – first, this should not be thought of as a “new tax”, because it’s not, but rather it would be reinstatement of a former timber severance tax that was in place until the late 1990s. It was a fair tax then and it needs to be reinstated because, at this time, large timber companies are NOT paying their fair share for the impacts of their business operations in Oregon. It’s important to note that timber management in Oregon, as currently practiced, is an “extractive” industry because it depletes natural resources that originate in Oregon, however, most of the profits leave the State. Some people may say that timber management in Oregon is “sustainable”, but it’s not. If it were sustainable, there would be new old growth forests replanted after original old growth logging during the early to mid-1900s, with healthy watersheds, streams and ecosystems. The soil on logged land is becoming increasingly depleted under existing practices, becoming less productive over time, much the same as the effects on soil by large mono-culture farm operations. Furthermore, soil is eroded from the hillsides by logging, clogging streams and impacting ESA listed species AND increasingly impacting drinking water quality and water quantity in the municipal source-water streams located within watersheds that are logged. And the majority of timber profits leave the State: 82% of Lincoln County timber land holders are Wall Street investors. They pay no corporate taxes in the state. Therefore, the timber industry as currently practiced is an “extractive” industry. One way to compensate for the extractive impacts of the timber industry in Oregon is to reinstate the Timber Severance Tax applicable to timber harvests.

PROPOSED AMENDMENTS to HB 2379:

The proposed legislation would reinstate a severance tax to Oregon on the value of cut timber (not just board feet) with a 6.5% rate on the west-side and 5% on the east side. The tax applies to all timber cut in the state, including harvests from federal, state, local and all private forestland greater than 3000 acres, except some tribal land. The severance tax revenue would be distributed as follows:

o60% will be returned to counties in proportion to timber harvested from each county, to be distributed as property taxes.

o5% will go to develop a program for evaluation and enforcement.

o20% will go to municipal drinking water infrastructure, treatment facilities, watershed improvements and land acquisition to protect water quality at intakes and drinking water resources.

o15% will go to Community emergency preparedness in fire hazard zones to include home hardening, defensible space, and smoke adaptation. Provision of information, technical assistance, grants and financial assistance to low income residents – managed by Oregon Housing and Community Services.

Thank you for your consideration of my above testimony, and for your work on this important Timber Tax Fairness legislation HB 2379

Sincerely  
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