

A-Engrossed
House Bill 4055

Ordered by the House February 18
Including House Amendments dated February 18

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue for Representative Nancy Nathanson)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Extends **biennial** privilege taxes on merchantable forest products harvested on forestlands.

Directs Legislative Assembly to *[use data from quarterly economic and revenue forecast released in February of each odd-numbered year when determining]* **begin considering** biennial forest products harvest tax rates **not later than March 10 of each odd-numbered year**. Requires State Forestry Department to provide Legislative Revenue Officer or Legislative Fiscal Officer with timber harvest data upon request for purpose of *[determining biennial forest products harvest tax rates]* **such consideration**.

Imposes additional privilege tax on merchantable forest products harvested on forestlands. Directs revenues to be used to fund mitigation of effects of forest practices on aquatic species. **Makes additional privilege tax conditional and temporary and caps collections at \$250 million of revenue.**

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to forest products harvest taxation; creating new provisions; amending ORS 321.015; pre-
3 scribing an effective date; and providing for revenue raising that requires approval by a three-
4 fifths majority.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 321.015 is amended to read:

7 321.015. (1) For the calendar years beginning January 1, *[2020]* **2022**, and January 1, *[2021]*
8 **2023**, there is levied a privilege tax of 90.00 cents per thousand feet, board measure, upon taxpayers
9 for the privilege of harvesting of all merchantable forest products harvested on forestlands. Subject
10 to ORS 321.145, the proceeds of the tax shall be transferred as provided in ORS 321.152 (2) to the
11 Forest Research and Experiment Account for use for the forest resource research, experimentation
12 and studies described in ORS 526.215 and for the Forest Research Laboratory established under ORS
13 526.225.

14 (2) Except as provided in ORS 477.760, in addition to the tax levied by subsection (1) of this
15 section, there is levied a forest products harvest tax upon taxpayers of 62.5 cents per thousand feet,
16 board measure, for the privilege of harvesting all merchantable forest products harvested on
17 forestlands for the payment of benefits related to fire suppression as provided in ORS 321.005 to
18 321.185, 321.560 to 321.600 and 477.440 to 477.460.

19 (3) For the calendar years beginning January 1, *[2020]* **2022**, and January 1, *[2021]* **2023**, in ad-
20 dition to the taxes levied under subsections (1) and (2) of this section, there is levied a privilege tax
21 upon taxpayers for the privilege of harvesting all merchantable forest products harvested on
22 forestlands in the amount of *[138.72]* **207.02** cents per thousand feet, board measure, for the purpose

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 of administering the Oregon Forest Practices Act in an amount not to exceed 40 percent of the total
2 expenditures approved by the Legislative Assembly for this purpose, including salary adjustments
3 approved by the Legislative Assembly for fiscal years [2020 and 2021] **2022 and 2023**.

4 (4) For the calendar years beginning January 1, [2020] **2022**, and January 1, [2021] **2023**, in ad-
5 dition to the taxes levied by subsections (1) to (3) of this section, there is levied a privilege tax of
6 [10] **21** cents per thousand feet, board measure, upon taxpayers for the privilege of harvesting all
7 merchantable forest products harvested on forestlands. Subject to ORS 321.145, the proceeds of the
8 tax shall be transferred as provided in ORS 321.152 (5) to the subaccount established pursuant to
9 ORS 350.520 for use by Oregon State University for the purpose of making investments in profes-
10 sional forestry education at the College of Forestry.

11 (5) Subject to subsection (6) of this section, the taxes shall be measured by and be applicable to
12 each per thousand feet, board measure, on the total quantity of forest products harvested in this
13 state measured by use of any log scale which is or may be in general use in the logging industry
14 and which is designed to measure total volume of merchantable forest products in board feet. How-
15 ever, if the Department of Revenue finds that the scale used by any taxpayer in computing the taxes
16 due under ORS 321.005 to 321.185 and 321.560 to 321.600 does not accurately reflect the total
17 quantity of merchantable forest products harvested by the taxpayer, it may require the taxpayer to
18 adopt another log scale in general use in the industry which in the department's opinion will accu-
19 rately reflect merchantable harvest in board feet.

20 (6) The first 25,000 feet, board measure, of forest products harvested annually by any taxpayer
21 during each calendar year shall be excluded from the total quantity of harvested forest products that
22 constitutes the measure of the taxes under ORS 321.005 to 321.185 and 321.560 to 321.600.

23 **(7)(a) Not later than March 10 of each odd-numbered year, the Legislative Assembly shall**
24 **begin considering the biennial forest products harvest tax rates levied under subsections (1),**
25 **(3) and (4) of this section.**

26 **(b) Upon request of the Legislative Revenue Officer or the Legislative Fiscal Officer, the**
27 **State Forestry Department shall provide the respective officers with relevant timber harvest**
28 **data for the purposes of paragraph (a) of this subsection.**

29 **SECTION 2. The amendments to ORS 321.015 by section 1 of this 2022 Act apply to**
30 **merchantable forest products harvested before, on or after the effective date of this 2022**
31 **Act.**

32 **SECTION 3. Not later than January 15, 2023, the Legislative Revenue Officer shall sub-**
33 **mit, in the manner provided in ORS 192.245, a report on the forest products harvest tax to**
34 **the interim committees of the Legislative Assembly related to revenue.**

35 **SECTION 4. Section 5 of this 2022 Act is added to and made a part of ORS 321.005 to**
36 **321.185.**

37 **SECTION 5. (1) In addition to the taxes levied under ORS 321.015 and 321.017, there is**
38 **levied a privilege tax upon taxpayers on the harvesting of all merchantable forest products**
39 **harvested on forestlands in the amount provided in subsection (2) of this section.**

40 **(2)(a) Except as provided in paragraph (b) of this subsection, at the beginning of each**
41 **calendar year, the Department of Revenue shall set the tax levied under subsection (1) of this**
42 **section at a rate estimated to collect \$2.5 million per year.**

43 **(b) Beginning with the first January following the issuance of an incidental take permit**
44 **by the federal National Marine Fisheries Service or the United States Fish and Wildlife Ser-**
45 **vice, pursuant to the federal Endangered Species Act (16 U.S.C. 1531 to 1544), that is con-**

1 sistent with the terms of the Private Forest Accord Report dated February 2, 2022, and
2 published by the State Forestry Department on February 7, 2022, the Department of Revenue
3 shall set the tax at a rate estimated to collect \$5 million per year.

4 (3) The tax shall be measured by and be applicable to each per thousand feet, board
5 measure, and such shall be subject to and determined by the procedures and provisions of
6 ORS 321.015 (5) and (6).

7 (4) The tax levied under subsection (1) of this section shall be due and payable to the
8 Department of Revenue in the manner and procedure, including penalties and interest, as
9 set forth for the collection of the privilege tax under ORS 321.005 to 321.185.

10 (5) The revenue from the tax levied under subsection (1) of this section shall be remitted
11 to the State Treasurer who shall deposit it in a suspense account established under ORS
12 321.145 (1). After payment of refunds, which shall be paid in the same manner as other forest
13 products harvest tax refunds are paid under ORS 321.145 (2), the balance of the additional
14 tax imposed under subsection (1) of this section shall be deposited in a subaccount of the
15 Oregon Conservation and Recreation Fund related to funding mitigation of the effects of
16 forest practices, as defined in ORS 527.620, on aquatic species.

17 SECTION 6. (1) Section 5 of this 2022 Act applies to calendar years beginning on or after
18 January 1, 2023, and ending on December 31 of the earlier of the tax years in which:

19 (a) A cumulative total of at least \$250 million of revenue from the tax imposed under
20 section 5 of this 2022 Act has been collected by the Department of Revenue; or

21 (b) The incidental take permit described in section 5 (2)(b) of this 2022 Act is for any
22 reason revoked or invalidated or otherwise withdrawn pursuant to a final order, judgment
23 or other decision that is not subject to further review or appeal.

24 (2) The Director of the Department of Revenue shall notify the Legislative Counsel and
25 the Legislative Revenue Officer as soon as practicable following the end date of the tax de-
26 scribed in subsection (1) of this section.

27 SECTION 7. Section 5 of this 2022 Act is repealed on January 2, 2028, unless, before
28 January 1, 2028, the National Marine Fisheries Service or the United States Fish and Wildlife
29 Service, pursuant to the federal Endangered Species Act (16 U.S.C. 1531 to 1544):

30 (1) Approves a habitat conservation plan consistent with the terms of the Private Forest
31 Accord Report dated February 2, 2022, and published by the State Forestry Department on
32 February 7, 2022; and

33 (2) Issues an incidental take permit related to the habitat conservation plan.

34 SECTION 8. If chapter _____, Oregon Laws 2022 (Enrolled Senate Bill 1501), does not
35 become law, section 5 of this 2022 Act is repealed.

36 SECTION 9. This 2022 Act takes effect on the 91st day after the date on which the 2022
37 regular session of the Eighty-first Legislative Assembly adjourns sine die.

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