



Burned Home, Gates, Oregon



Labor Day Fire Storm



Post-Fire Clearcut, Elkhorn

Green Oregon Alliance
3141 E. Burnside Street
Portland, Oregon 97214

Re: Tax Fairness, Funding for Wildfire Programs

Dear Chair Meek and members of the committee:

With a stepwise progression in fire activity and a decade over decade increase of 246% in home and community loss, Oregon is looking for increased and stable funding for a variety of fire programs at the state and national level. In California insurance companies have exited the market, and First Street Foundation predicts a negative impact on the value of the real estate market between -19 and -38% unless the situation is addressed. In Oregon, the 2020 Labor Day fires burned over 5,000 homes and forever altered our landscapes.

Oregonians insurance premiums are going up and up, or they are losing coverage altogether. We are also seeing proposals from power utilities to increase rates, in part to deal with liabilities related to wildfire. The average Oregonian is getting squeezed by insurance, power utilities, and feeling the heat, while still paying for the bulk of fire protection costs for billions in assets held by others. The current taxing arrangement is largely a historical artifact, over a century in the making. The question SB 1593 seeks to answer is whether the current tax system is fair to all Oregonians?

Convergence of Proposals for Fire Funding

In this short session, we see a convergence of proposals seeking increased fire funding. The legislature is considering a proposal led by Senator Elizabeth Steiner (HB 4133) to reduce the amount that forestland owners pay for fire protection, a proposal led by Representative Evans (HJC 201) to have all Oregonians shoulder the cost of public safety programs and a proposal led by Senator Golden to restore a severance tax on the value of timber harvested in Oregon to help pay for wildfire programs.

While the public has been informed by extensive reporting on these subjects by OPB, the Oregonian, the Oregon Capital Chronicle, and Pro Publica, I write today to provide additional context, research and analysis to inform the central question before the legislature - how do we provide adequate funds for collective action on wildfire



programs in a hotter, drier and more fiery world. SB 1593 seeks to examine what forestland owners in Oregon pay in tax, so as to ensure fairness for all Oregonians.

In Oregon, around 6.5 to 6.8 million acres of forestland are under industrial management. These lands are harvested on a short rotation, and in some cases these lands are monetized for carbon credits. The timber companies pay a harvest tax that is directed to programs to benefit and facilitate industry operations. The LRO reports a harvest tax of around \$16-18 million per year in recent years. Exh. 3. Timber companies also pay a portion, less than half, of their fire protection costs called generally Fire Patrol through the Fire Protection Assessment Fund. Exh. 3. All Oregonians pick up the rest of the fire protection costs, which range from significant to massive. The amounts spent on Oregon fires has varied greatly over the years, and it is an increasingly high risk and challenging environment for controlling costs. In 2021, the Dixie Fire burned for over 100 days, and over \$630 million was spent on the firefighting operations.

Who Owns the Industrial Forests? Wall Street, Billionaires, Multi-Millionaires

The Top 20 Timber Companies in Oregon include the two Real Estate Investment Trusts, and multi-national companies like Nuveen (aka Greenwood, Lewis & Clark), Hancock (aka TIAA CREF), which are large diverse investment funds. Large industrial operators are also owned by families that are identified by Forbes Magazine and the Land Report as being billionaires and in the top 1 and 3 landowners in the nation. (e.g. Sierra Pacific Industries (Emmerson Family),¹ Green Diamond (Reed Family)).² And multi-millionaires like large, privately held firms like Roseburg Forest Products (Ford Family), Stimson (Andrew Miller), Hampton Lumber (Hampton Families), Freres Lumber (Freres Family) worth in the hundreds of millions.

The two real estate investment trusts (REITs) operating in Oregon make hundreds of millions each, a total of over 1.3 billion in net profits in 2023 for all operations in and outside the states, with Weyerhaeuser netting \$839 million and Rayonier netting \$467.4 million in 2023. Exh. 1. In sum, Oregon has several billionaires, various hundred millionaire individuals corporations and families who own vast amounts of Oregon forest land and cut it on a short rotations. A conservative estimate of the value of all privately held forest land in industrial ownership is between \$20 and \$30 billion. The Oregon Department of Forestry values Oregon's 16 million private forestland acres at 60 billion.

¹ Exhibit 1, see e.g. <https://www.bloomberg.com/billionaires/profiles/archie-a-emmerson/>

² Exhibit 1, see, e.g. <https://www.forbes.com/profile/reed/?sh=3075e29b81c2>

What Do They Pay Their Executives? More Than They Contribute to Oregon.

The two REITS companies paid over \$40 million in compensation to their top 11 executives in 2023 for all operations. Exh. 2. The global investment corporations, Nuveen and Hancock, pay similar amounts to their top people running their companies, yet given the size and diversification, it is hard to parse what is attributable to Oregon in terms of profits and compensation.

For comparison, the compensation for the top 11 people at the 2 REITs Weyerhaeuser and Rayonier for managing all their lands is more than double the amount paid in the harvest tax in 2023 paid by all industrial timber owners.³ And, remember, the amounts paid in the harvest tax, for the most part, directly or indirectly benefit the timber companies paying those taxes (e.g. Oregon Forest Resources Institute). Exh. 3. Having control and direct benefits from the tax dollars an Oregonian pays is not something most Oregonians can ensure for the bulk of the taxes they pay.

Opening the Black Box. Clearing the Air. Reconciliation.

The data on what each large timber corporation pays or has paid is in a black box. SB 1593 seeks to open that black box, a box that was closed when timber severance was eliminated in the 1990s. Through the study in SB 1593 we will be able to see facts that have been obscured by incomplete, conflicting and flawed comparisons, and a lack of adequate basic data. Exh. 3, analysis of timber industry claims on taxation.

On wildfire, particularly with respect to a portion of Oregon's fire suppression spending, the large timber companies make a contribution towards the cost of protecting their lands, and so do all other owners in these protection districts. The large timber companies do not pay for all the costs, instead they only pay a portion of the fire protection, often less than half the estimated cost. Exh. 3. Oregon taxpayers pay the rest of the fire protection costs to protect the companies' assets, which are worth billions of dollars. And Oregonians take all the risk for big fire years.

Impact on Rural Communities, Drinking Water Community Safety.

Research on the financialization of forest land into REITs, TIMOs, and closely-held firms demonstrates immense profits, rich compensation. A 2020 study of this kind of timberland ownership dominating rural communities described the consolidation nationwide over the past several decades:

Since 1990, and in particular during the period 2000–2008, corporations in the forest products industry sold most of their lands—approximately 50 million acres nationally (Bliss et al. 2010; Gunnoe, Bailey, and Ameyaw 2018). This large-scale divestiture was motivated by shareholders who

³ Legislative Revenue Office, Chris Allanach, Presentation Dated, Exhibit 3

reasoned the value of timberland should be used to pay down corporate debt and buy back stock shares, thus increasing share values (Gunnoe 2014). The primary buyers of these lands were other corporations and financial managers and investors classified as Timber Investment Management Organizations (TIMOs) and Real Estate Investment Trusts (REITs). TIMOs manage land for investors (e.g., pension funds) which own land as a financial asset but lack timberland management expertise. REITs are corporations which own land on behalf of shareholders and enjoy a tax-free status as long as they distribute 90 percent of their profits directly to shareholders and have minimal income from any form of manufacturing activity.⁴

This same rural sociology study looked at the impact of the concentration in forestland ownership on communities and concluded:

“Absentee and concentrated ownership of the land and natural resources means that *wealth has been drained from the region and its people.*” Combined with low property taxes, consequences included *insufficiently funded public schools, health care, or other social services associated with developing human capital* (Gaventa 1998:236).

“[C]oncentrated and absentee ownership of resources has (1) reduced public investment in human capital and physical infrastructure, and (2) inhibited diversification and growth of the local economy.”

[Communities with high absentee ownership become an] “internal colony” because *outside economic interests use control over natural resources and domination over political actors to extract wealth while paying insufficient taxes to promote local development.*”

There are similar analysis of these effects from all over the nation, including Oregon and the Pacific Northwest. The legacy of land theft in the 1800s to 1900s led to concentrated ownership and, today, consolidation has real impacts in these communities.⁵ Earlier this year, Hampton shut down a mill in Banks, Oregon. Rosboro shut down a mill in Springfield. Interfor just announced it would shut down a mill in

⁴ *Taking Goldschmidt to the Woods: Timberland Ownership and Quality of Life in Alabama*, Rural Sociology 86(1), 2021, <https://onlinelibrary.wiley.com/doi/epdf/10.1111/ruso.12344>

⁵ *Looters of the Public Domain*, https://en.wikisource.org/wiki/Looters_of_the_Public_Domain (Review: a detective story; a western romance; tragedy; melodrama, comedy, a story of private cupidity of predatory corporations; a recital of political corruption, a faithful observance of a public trust, contains a wealth of illustrations, prosaic diagrams of timber regions, portraits of convicted U. S. senators, copies of documents and letters, reproductions of absurd newspaper etchings.)

Philomath last week.⁶ While some reasons were offered, looking at the gross and net profits, compensation and considering the financial and market benefits of consolidation speak volumes about the interests being looked after.

And now, after years of short rotation forestry and more extreme weather, local residents in rural Oregon are seeing half as much water in low flow summer months. Scientists have documented the extensive impact and NASA data and analysis has further confirmed it. See Exh. 4, Perry & Jones 2017, Segura et al. 2019. These costs are adding up in increased water bills, and enormous costs for fixing water systems. In Willamina, the summer months put water managers on alert, as the water supply falls below 48 hours. In Corbett, managers spent over \$2 million on a well after one source ran dry due to nearby clearcutting. In Rockaway Beach, extensive clearcutting and chemical sprays degraded and polluted the communities water system. Newport, Dallas, Rickreal, Salem and other town and cities are facing significant challenges with their water systems, as has been extensively reported on.

Oregonians and our firefighters have experienced how fast and hot young timber plantations burn in wildfires. Scientists at Oregon State University, Portland State University and other Western science institutions have documented a significant increased severity in timber plantations. Exh. 5. Zald and Dunn, Levine et al. These plantations are burning more intensely, as we saw in the 2020 Holiday Farm fire⁷ on Campbell Global, Weyerhaeuser lands and in the 2021 Bootleg fire on Green Diamond land. Exh. 5. These plantations are also being extensively logged after fire, and there are serious questions whether the current short-rotation business with large openings of young trees can weather heat domes and extreme heat in a changing climate.

Net Burden on Oregon Taxpayers, Even with Profits.

The latest Legislative Revenue Office chart shows a severe cliff in tax revenues for rural counties and Oregon as a whole. These same communities struggle to respond to basic safety needs. Counties have been and continue to face all kinds of obstacles and challenges. Exh. 6.

In Oregon, industrial forestland generates around \$1.5 to \$3 billion annually in gross profits, not including gain in the property value or transactions involving other instruments like carbon credits. The net profit is not far behind — in the hundreds of millions, if not over a billion. A review of the available numbers and accounting for historical artifacts, the industrially harvested 6,800,000 acres appear to produce **a net tax burden on the people of the State of Oregon**, when deducting the portion of fire

⁶ Banks: <https://www.statesmanjournal.com/story/news/local/oregon/2024/01/10/hampton-lumber-closes-sawmill-banks-oregon/72180935007/>; Philomath: <https://getfea.com/mill-capacity-changes/interfor-announces-indefinite-curtailment-at-its-pilomath-or-sawmill-and-reduced-production-at-bc-operations#>

⁷ See Exh. 5 - Highly Managed Burned the Most. <https://fusee.org/fusee/oregons-2020-fires-highly-managed-forests-burned-the-most>

protection costs the people pay from the amount paid in harvest tax, which are largely spent on items to benefit the industry.

While the data is not complete or consistent, the approach to taxation on harvest in Washington is the same as considered in the SB 1593, and this is what can be explored in the study. Leaving aside those things that all Oregonians pay anyway, the timber companies are getting a far better deal than in Washington. On a good year, Oregonians are deeply in the red for fire protection costs on their assets, and increasingly all Oregonians are feeling the combined burden of property tax, insurance, utilities, health care, inflation on essential items.

Time for a Hard Look, Permanent Funding For Wildfire To Meet the Challenge.

The time has come for the State of Oregon to reconcile with its past and prepare for its future. As we see a stepwise progression in fire activity, community loss, and increased insurance costs for all Oregonians, and water systems being pushed beyond their limits, Oregon can no longer afford to maintain historical artifacts in tax policy. Yes, we must be mindful of the world in which the forest products industries operate, and recognize the differences. We all use and enjoy paper and wood products. While the Legislative Revenue Office has extensive research on these subjects over many years, significant aspects of the situation are unclear, clouded and hamper a fair assessment of overall taxation. See, e.g. Exh. 3.

The convergence of HB 4133, HJC 102, SB 1593 evince a commitment to finding permanent enhanced funding for wildfire programs, and opening up the core question - a taxation system that is fair for all Oregon. The topics in HB 4133, HJC 102 and the study and vision of SB 1593 are essential next steps towards reconciliation of the historical artifacts in Oregon's tax system.

SB 1593 will set Oregonians up to have a robust conversation about what is fair on tax policy in light of the stepwise progression we are seeing in fire activity across the land, which has been and will continue to require all of us to step up. For these reasons, I see good cause to enact this law.

Sincerely,

A handwritten signature in black ink that reads "Ralph Bloemers". The signature is written in a cursive, slightly slanted style.

Ralph Bloemers

Exhibit 1

Information on Forestland Value, Recent Sales, Ownership Maps

Value of All Private Forest Land - 16 million acres worth 60 billion

<https://www.oregon.gov/odf/fire/pages/default.aspx>

Forestland for Sale in Deschutes

<https://www.ranchland.com/ranches-for-sale/oregon/bull-springs-skyline-forest-3431>

Cascade Timberlands

<https://www.investor.fnf.com/news-releases/news-release-details/fnfv-announces-sale-all-assets-cascade-timberlands-whitefish>

Chinese Billionaire Acquisition

<https://oregoncapitalchronicle.com/2024/01/18/report-california-chinese-billionaires-own-hundreds-of-thousands-of-acres-of-oregon-timberland/>

Stimson Acreage

<https://www.stimsonlumber.com/public-recreation-in-oregon/#:~:text=Stimson%20owns%20and%20manages%20approximately,our%20timberlands%20for%20outdoor%20recreation.>

Campbell Global

<https://www.prnewswire.com/news-releases/jp-morgans-campbell-global-acquires-over-250-000-acres-of-commercial-timberland-valued-at-more-than-500-million-301736028.html>

Manulife - Hancock Acquisition from Rayonier

<https://www.prnewswire.com/news-releases/hancock-natural-resource-group-completes-acquisition-of-approximately-149-000-acres-of-timberlands-in-southern-oregon-301180613.html>

<https://finance.yahoo.com/news/rayonier-ryn-completes-oregon-timberland-154200026.html#>

Exhibit 2

Large Forest Landowning Companies, Income, Net Worth

Weyerhaeuser

Weyerhaeuser Net Income 2010-2023 | WY

Prices	Financials	Revenue & Profit	Assets & Liabilities	Margins	Price Ratios	Other Ratios	Other Metrics
Revenue	Gross Profit	Operating Income	EBITDA	Net Income	EPS	Shares Outstanding	

Weyerhaeuser annual/quarterly net income history and growth rate from 2010 to 2023. Net income can be defined as company's net profit or loss after all revenues, income items, and expenses have been accounted for.

- Weyerhaeuser net income for the quarter ending September 30, 2023 was **\$0.239B**, a **22.9% decline** year-over-year.
- Weyerhaeuser net income for the twelve months ending September 30, 2023 was **\$631M**, a **72.39% decline** year-over-year.
- Weyerhaeuser annual net income for 2022 was **\$1.88B**, a **27.89% decline** from 2021.
- Weyerhaeuser annual net income for 2021 was **\$2.607B**, a **227.1% increase** from 2020.
- Weyerhaeuser annual net income for 2020 was **\$0.797B**, a **1148.68% decline** from 2019.

Rayonier

<https://www.businesswire.com/news/home/20231101867361/en/Rayonier-Announces-Initiatives-to-Enhance-Shareholder-Value>

Green Diamond - Reed Family - Forbes (Billionaire)

<https://www.forbes.com/profile/reed/?sh=3075e29b81c2>

Nuveen (Greenwood, Lewis & Clark Timberlands)

<https://www.nuveen.com/en-us/about-us/about-nuveen/nuveen-by-the-numbers>

Sierra Pacific Industries - Red Emmerson Family (Billionaire)

<https://www.bloomberg.com/billionaires/profiles/archie-a-emmerson/>

Hampton Lumber

<https://oregonbusinessindustry.com/hampton-lumber/#:~:text=Now%20a%20fourth%2Dgeneration%20family,acres%20in%20Oregon%20and%20Washington>

Freres

<https://www.woodworkingnetwork.com/news/woodworking-industry-news/trump-campaign-visits-freres-lumber-oregon>

Stimson

https://www.dnb.com/business-directory/company-profiles.stimson_lumber_company.17ce2dc388396c7c86a9dcae41f363dd.html
[https://ballotpedia.org/Andrew_Miller_\(Oregon\)](https://ballotpedia.org/Andrew_Miller_(Oregon))
<https://www.wweek.com/portland/article-19841-the-king-of-clackistan.html>

Salaries

Weyerhaeuser

 Company  Executives  Board Members  Compare Executives  Job Openings

The charts on this page feature a breakdown of the total annual pay for the top executives at **WEYERHAEUSER CO** as reported in their proxy statements.

Total Cash Compensation information is comprised of yearly Base Pay and Bonuses. **WEYERHAEUSER CO** income statements for executive base pay and bonus are filed yearly with the SEC in the edgar filing system. **WEYERHAEUSER CO** annual reports of executive compensation and pay are most commonly found in the Def 14a documents.

Total Equity aggregates grant date fair value of stock and option awards and long term incentives granted during the fiscal year.

Other Compensation covers all compensation-like awards that don't fit in any of these other standard categories. Numbers reported do not include change in pension value and non-qualified deferred compensation earnings.

NAME AND TITLE	TOTAL CASH	EQUITY	OTHER	TOTAL COMPENSATION
Russell S. Hagen Senior Vice President and Chief Development Officer	\$1,945,962	\$2,005,328	\$103,948	\$4,055,238
Devin W. Stockfish President and Chief Executive Officer	\$4,086,539	\$8,765,081	\$117,686	\$12,969,306
Keith J. O'Rear Senior Vice President, Wood Products	\$1,685,962	\$2,005,328	\$9,150	\$3,700,440
Nancy S. Loewe Former Senior Vice President and Chief Financial Officer	\$241,538	\$1,878,431	\$2,559,992	\$4,679,961
David M. Wold Senior Vice President and Chief Financial Officer	\$1,143,642	\$1,238,265	\$9,150	\$2,391,057
Travis A. Keatley Senior Vice President, Timberlands	\$1,407,308	\$1,878,431	\$147,030	\$3,432,769

Rayonier

<https://www1.salary.com/RAYONIER-INC-Executive-Salaries.html>

SUMMARY COMPENSATION TABLE

This table discloses compensation for 2022, 2021 and 2020 for Rayonier's Chief Executive Officer, Chief Financial Officer, and our three other most highly compensated executive officers.

Name and Principal Position	Year	Salary	Bonus	Stock Awards (1) (2)	Option Awards	Non-Equity Incentive Plan Compensation (3)	Change in Pension Value & Non-qualified Deferred Compensation Earnings (4)	All Other Compensation (5)	Total
David Nunes	2022	\$ 887,500	—	\$ 3,337,902	—	\$ 1,352,551	—	\$ 173,288	\$ 5,751,241
Chief Executive Officer	2021	\$ 843,750	—	\$ 2,735,312	—	\$ 1,582,032	—	\$ 155,387	\$ 5,316,481
	2020	\$ 818,750	—	\$ 3,002,811	—	\$ 1,459,420	—	\$ 129,835	\$ 5,410,816
Mark McHugh	2022	\$ 543,750	—	\$ 1,251,702	—	\$ 552,451	—	\$ 68,488	\$ 2,416,391
President & Chief Financial Officer	2021	\$ 521,250	—	\$ 980,582	—	\$ 664,594	—	\$ 60,101	\$ 2,226,527
	2020	\$ 501,250	—	\$ 1,111,041	—	\$ 536,090	—	\$ 55,621	\$ 2,204,002
Doug Long	2022	\$ 453,750	—	\$ 730,152	—	\$ 461,011	—	\$ 59,041	\$ 1,703,954
EVP & Chief Resource Officer	2021	\$ 431,250	—	\$ 567,713	—	\$ 549,844	—	\$ 58,319	\$ 1,607,126
	2020	\$ 415,000	—	\$ 630,585	—	\$ 443,840	\$ 280,977	\$ 38,343	\$ 1,808,745
Rhett Rogers	2022	\$ 405,000	—	\$ 521,550	—	\$ 288,036	—	\$ 39,823	\$ 1,254,409
SVP, Portfolio Management	2021	\$ 386,250	—	\$ 412,869	—	\$ 318,657	—	\$ 40,806	\$ 1,158,582
	2020	\$ 356,250	—	\$ 420,370	—	\$ 279,410	\$ 127,930	\$ 35,369	\$ 1,219,329
Mark Bridwell	2022	\$ 405,000	—	\$ 469,377	—	\$ 246,888	—	\$ 49,030	\$ 1,170,295
SVP, General Counsel & Corp Secretary	2021	\$ 386,250	—	\$ 387,074	—	\$ 318,657	—	\$ 45,159	\$ 1,137,140
	2020	\$ 370,500	—	\$ 420,370	—	\$ 290,580	—	\$ 39,471	\$ 1,120,921

(1) Represents the aggregate grant date fair value for performance share and restricted stock unit awards, computed in accordance with FASB ASC Topic 718 granted in 2022, 2021 and 2020. For 2022, the Stock Awards column includes the grant date fair value of performance shares at target and restricted stock unit awards as follows:

Nuveen

<https://www.nuveen.com/global/about-us/our-people/investment-specialists/natural-capital>

<https://www.glassdoor.com/Salary/Nuveen-Salaries-E3563.htm>

Campbell Global

<https://careercenter.eforester.org/profile/campbell-global-llc/361305/>

Manulife

<https://simplywall.st/stocks/ca/insurance/tsx-mfc/manulife-financial-shares/management>

Hancock

<https://www.salary.com/research/company/hancock-timber-resource-group/president-chief-executive-officer-salary?cjid=5655940>

Exhibit 3

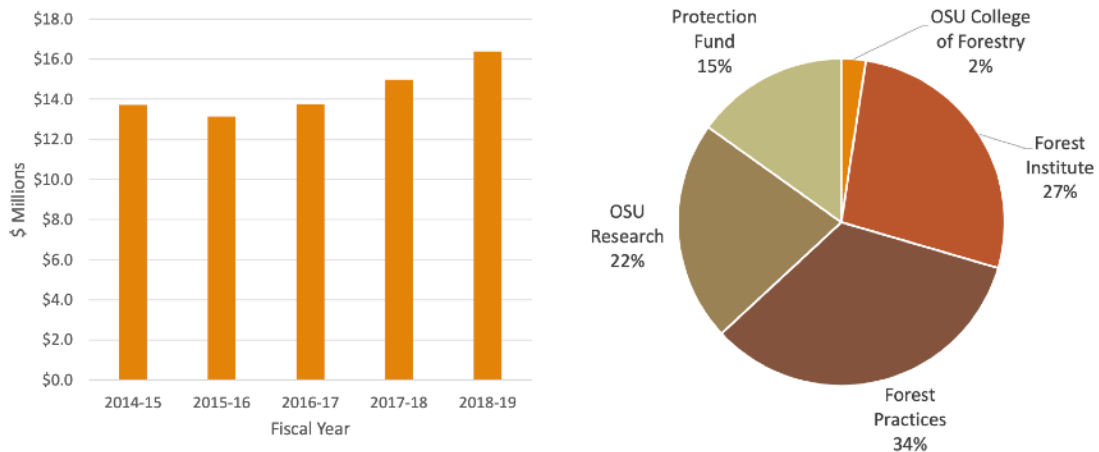
Taxation and Payments, Analysis of OFIC Claims regarding Taxation

Legislative Revenue Office

allenach on timber taxes 101.pdf



Forest Products Harvest Tax: Collections and Allocation



Source: Department of Revenue Data

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Wildfire - Forest Patrol Assessments

https://www.nrtoday.com/news/oregon-department-of-forestry-increases-per-acre-cost-of-forest-patrol-assessments/article_84fadb94-24dc-11ee-b1b6-97f2d1d66628.html

Overall Amount Spent for Programs

<https://www.oregon.gov/odf/aboutodf/Documents/budget/2023-25-odf-revenues.pdf>

Forest Products Harvest Tax

<https://olis.oregonlegislature.gov/liz/2023R1/Downloads/CommitteeMeetingDocument/265044>

Industry Claims here: <https://ofic.com/study-finds-tax-burden-greater-on-forest-sector-than-on-other-oregon-businesses/> (last visited February 16, 2024)

Analysis of OFIC Claims.

Property Tax.

All private property in Oregon is subject to property tax. The OFIC press release makes claims and touts conclusions, but the analysis is incomplete, flawed and both over-inclusive and under-inclusive, and, as a result, raises more questions than it answers. For example, it fails to mention that forest land is uniquely undervalued and, therefore, paying a fraction of the tax. Using the OFIC presentation of figures of "Forestry & logging property tax = \$36,701,000" plus adding "Small tract forestland tax = \$1,200,000" produces a total of \$37,901,000. In 2019, OFRI stated there were 10,191,000 acres of privately owned forest land in Oregon. Dividing the tax of \$37,901,000 by 10,191,000 = an average property tax rate of \$3.72 per acre. The piece that is harder to pin down is the amount paid by industrial owners per acre of land, the amount paid on unimproved industrial land, versus improved land.

Forest Products Harvest Tax. This tax generates around \$16-17 million annually for forest industry programs & advocacy. The OFIC claims regarding this tax are misleading, as it leaves out that the taxes substantially, directly and indirectly, benefit the industry by funding the protection fund, OSU research, OSU College of Forestry, Oregon Forest Resources Institute and Forest Practices.

Corporate Income and excise tax. All Oregon companies are subject to this tax. This is not unique. A number of the big timber companies are not Oregon entities, two are large REITs, and appear set up to avoid this tax. e.g. Weyerhaeuser, Rayonier, Nuveen-Greenwood, Hancock, Green Diamond.

Individual Income tax. All Oregonians are subject to this - not unique. Large REITs do not pay this here, except perhaps for shareholders, depending on short- and long-term capital gains laws for the individual holder.

Fire Protection Assessment. In 2021 and prior years, the fire protection deal for forest landowners was very good. Private forest landowners pay an assessment rate per acre for west side forest land and less for east side forest land. There is an additional charge per lot for fire patrol and a surcharge for improved land. Industry directly benefits from this arrangement. The bulk of the bill for fire protection on the industry's 6.5-6.8 million acre (20-30 billion dollar assets) is picked up by the people. See testimony on HB 4133.

Paid Family Medical Leave. PFML applies to everyone - not unique. PFML started in 2022. The rate has not been determined. An employer will pay 40% and the employee will pay 60%. Businesses with less than 25 employees will not have to pay.

Corporate Activity Tax. “The CAT is applied to taxable Oregon commercial activity in excess of \$1 million. The tax is computed as \$250 plus 0.57 percent of taxable Oregon commercial activity of more than \$1 million. Only taxpayers with more than \$1 million of taxable Oregon commercial [income] activity will have a payment obligation.” Presumably REITs - Weyerhaeuser and Rayonier - do not have any CAT.

Conclusions & Questions. Industry’s claims are faulty, and this allows them to tout an Oregon tax rate of 5.6%. That 5.6% includes taxes currently not paid and fees for services provided through the Harvest Tax. The effective value rate of tax paid on the total gross sales of timber appears to be between at least half of the amount claimed, yet it remains clouded. In 2017, the average Oregon income tax rate was 6.1%. The 6.1% does not include real estate taxes which are substantial and often higher than the individual's income tax. The Industry calculations appear to use a different metric as well, including counting property type taxes (based forestland unimproved, and harvest), counting items that benefit industry (harvest tax funding programs), not accounting for costs and externalities (fire protection costs, water impacts & fire risk).

Removing for the above, it appears that Oregon’s 6.5 to 6.8 million acres of industrial forest lands are quite heavily subsidized by the state and taxed at a much lower rate than other property in inequitable and unfair ways. The rate is far different than the arrangement for the same companies just across the river in Washington. The amount reduction looks like Oregon revenues fell off a cliff.

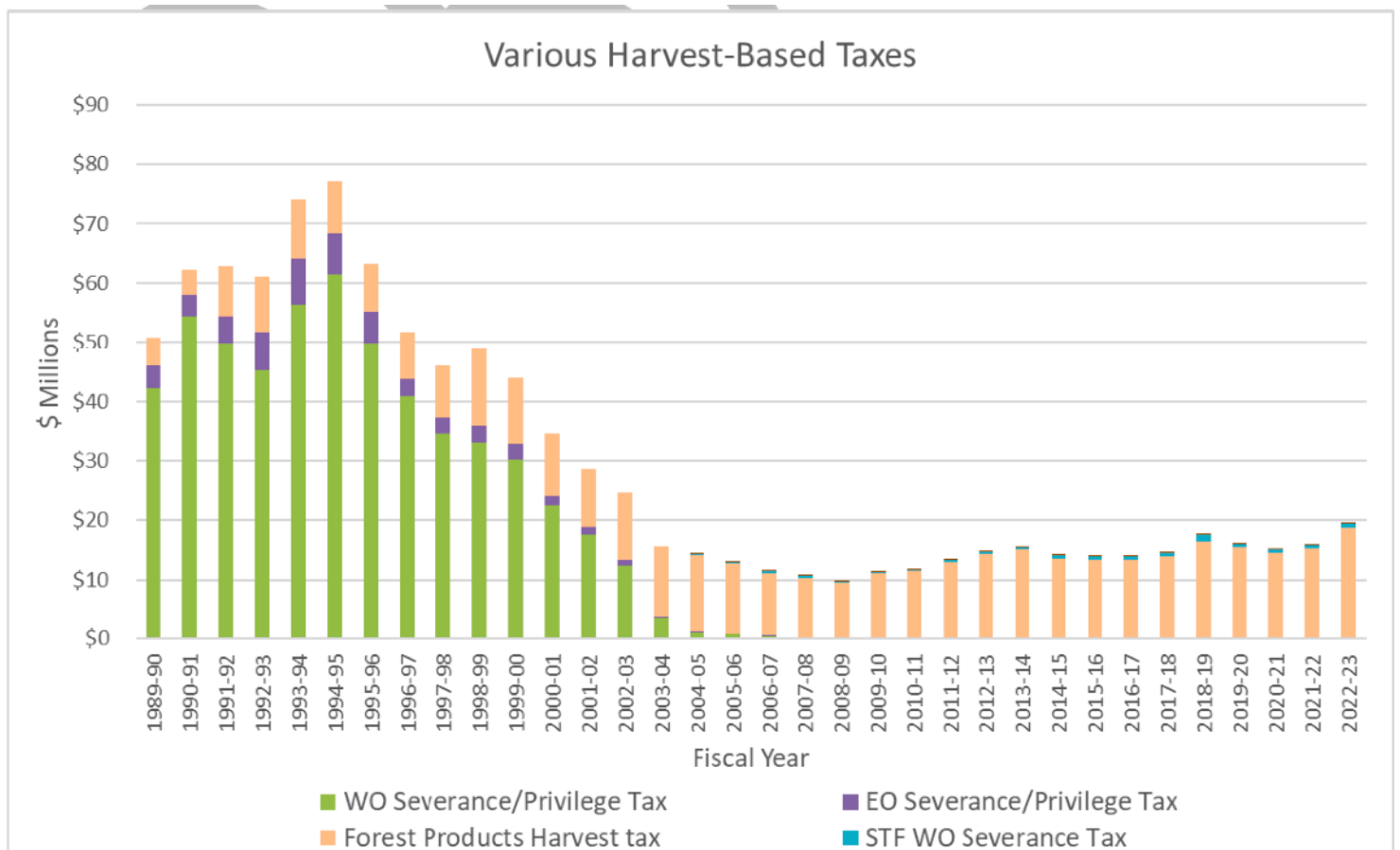


Exhibit 4 - Water Quality and Quantity Impacts, Externalities

Summer streamflow deficits from regenerating Douglas-fir forest in the Pacific Northwest, USA <https://andrewsforest.oregonstate.edu/publications/4981>

(Average daily streamflow in summer (July through September) in basins with 34- to 43-year-old plantations of Douglas-fir was 50% lower than streamflow from reference basins with 150- to 500-year-old forests dominated by Douglas-fir, western hemlock, and other conifers...Reduced summer streamflow in headwater basins with forest plantations may limit aquatic habitat and exacerbate stream warming, and it may also alter water yield and timing in much larger basins.)

Long-term effects of forest harvesting on summer low flow deficits in the Coast Range of Oregon <https://www.sciencedirect.com/science/article/abs/pii/S0022169420302092>

(Segura et al. 2020) (Results of this study indicated that 40- to 50-yr rotations of Douglas-fir plantations can produce persistent, large summer low flow deficits.)

Oregon Secretary of State, Advisory Report, State Leadership Must Take Action to Protect Water Security for All Oregonians, January 2023, Report 2023-04, <https://sos.oregon.gov/audits/Documents/2023-04.pdf>

2022 Water Quality Integrated Report, Public Comments, <https://www.oregon.gov/deq/wq/Documents/IR2022-PublicComments.pdf>

NASA imagery shows scale, impact of logging in drinking watersheds on Oregon Coast <https://www.opb.org/article/2023/09/19/oregon-coastal-watersheds-nasa-imagery/>

Timber tax cuts cost Oregon towns billions. Then clear-cuts polluted their water and drove up its price (OPB, Oregonian, Pro Publica) <https://www.opb.org/article/2020/12/31/oregon-logging-clear-cuts-drinking-water/>

How intense logging degraded water at a popular Oregon Coast town, Columbia Insight, <https://columbiainsight.org/how-intense-logging-degraded-water-at-a-popular-oregon-coast-town/>

Jetty Creek Timelapse (YouTube) - By Nuveen (Greenwood Resources)

<https://www.youtube.com/watch?app=desktop&v=k1ARRMQ7ZM>

Dallas asks people to take water conservation measures

<https://www.statesmanjournal.com/story/news/local/2023/08/29/dallas-oregon-asks-people-to-take-water-conservation-measures-drought-heat/70712370007/>

Willamina Gets 2 Million Upgrade

https://www.polkio.com/news/willamina-gets-2-million-to-upgrade-water-infrastructure/article_83564002-c5e7-11ee-99fb-2308954b64ff.html



**City of Corbett
Drinking Water Intake**

Exhibit 5 - Wildfire Severity

Severe fire weather and intensive forest management increase fire severity in a multi-ownership landscape (Zald & Dunn 2018) <https://esajournals.onlinelibrary.wiley.com/doi/abs/10.1002/eap.1710> (Our findings suggest intensive plantation forestry characterized by young forests and spatially homogenized fuels...were significant drivers of wildfire severity.)

High wildfire severity risk seen in young plantation forests (Zald and Dunn, 2017) <https://today.oregonstate.edu/news/high-wildfire-severity-risk-seen-young-plantation-forests> (Private industrial forests tend to be dominated by younger trees that have thinner bark and lower crown height, the researchers wrote. Both those characteristics are known to lead to increased fire-induced tree mortality.)

Higher incidence of high-severity fire in and near industrially managed forests <https://esajournals.onlinelibrary.wiley.com/doi/abs/10.1002/fee.2499>

RESEARCH COMMUNICATIONS 1

Higher incidence of high-severity fire in and near industrially managed forests

Jacob I Levine^{1,2}, Brandon M Collins^{2,3}, Zachary L Steel², Perry de Valpine², and Scott L Stephens²

The increasing prevalence of high-severity wildfire in forests in the US state of California is connected to past forest management, but uncertainty remains regarding the differential effects of land ownership on these trends. To determine whether differing forest management regimes, inferred from land ownership, influence high-severity fire incidence, we assembled and analyzed a large dataset of 154 wildfires that burned a combined area of more than 971,000 ha in California. We found that where fires occurred, the odds of high-severity fire on “private industrial” lands were 1.8 times greater than on “public” lands and 1.9 times greater than on “other” lands (that is, remaining lands classified as neither private industrial nor public). Moreover, high-severity fire incidence was greater in areas adjacent to private industrial land, indicating this trend extends across ownership boundaries. Overall, these results indicate that prevailing forest management practices on private industrial timberland may increase high-severity fire occurrence, underscoring the need for cross-boundary cooperation to protect ecological and social systems.

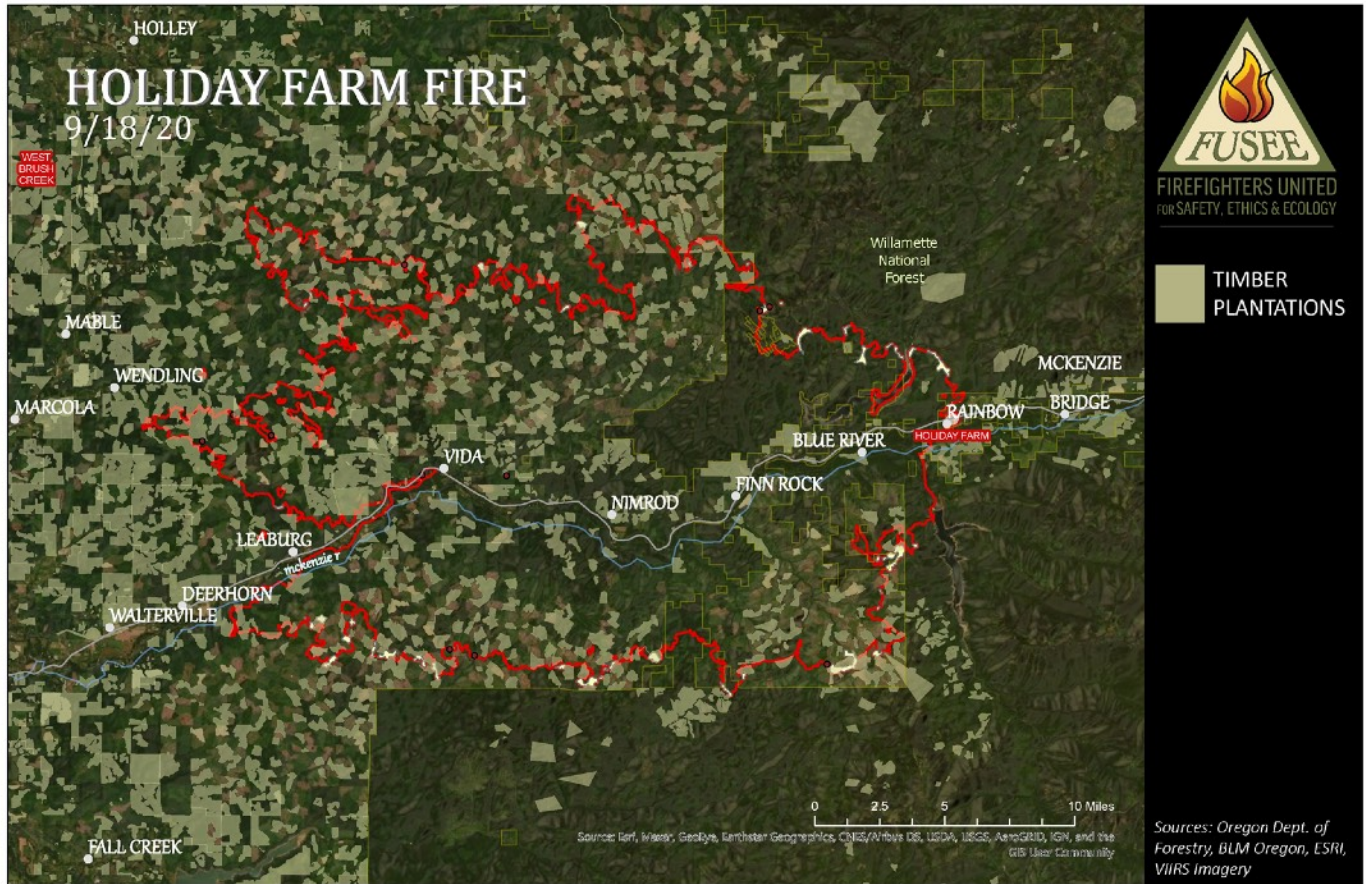
Front Ecol Environ 2022; doi:10.1002/fee.2499

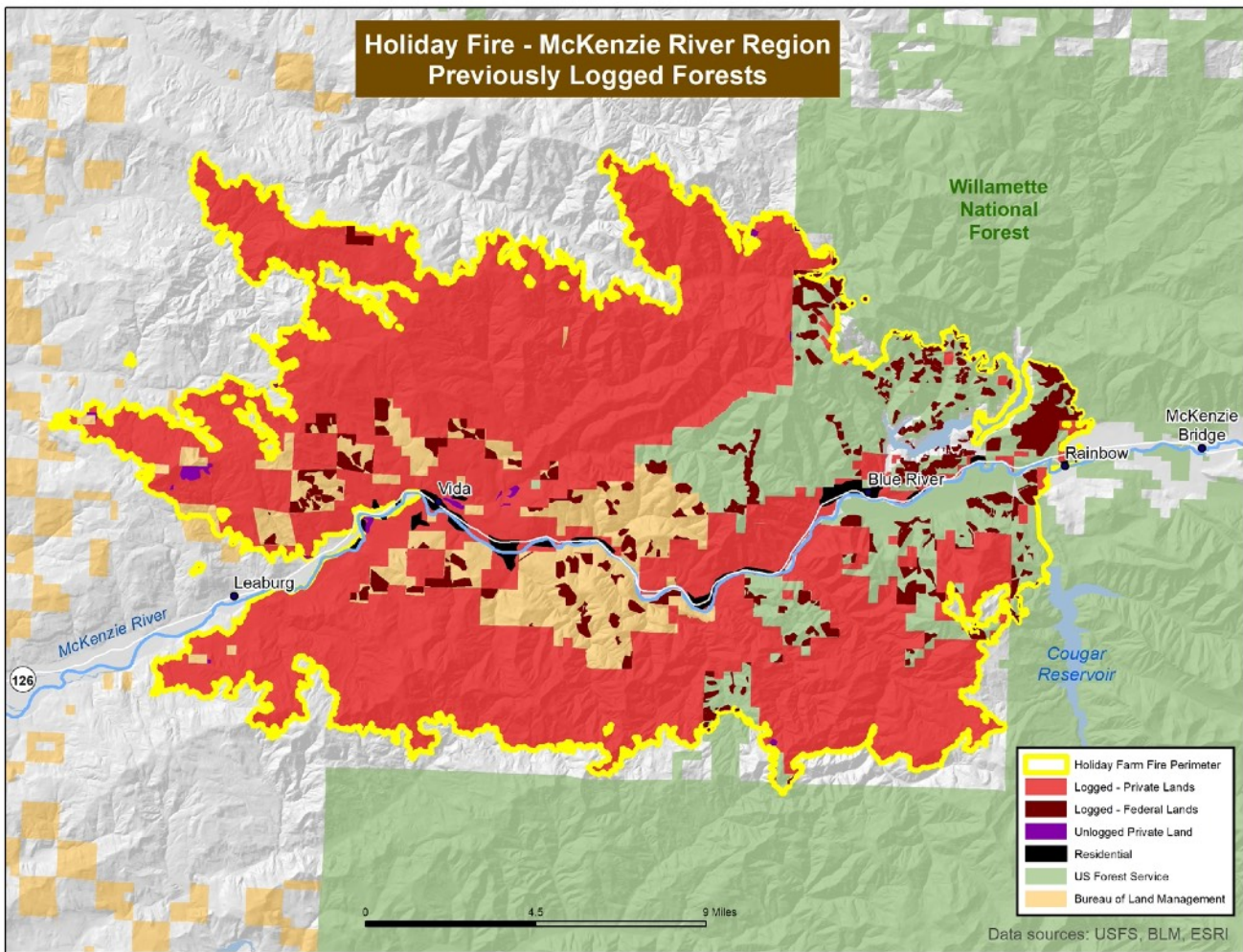
Extreme Winds Alter Influence of Fuels and Topography on Megafire Burn Severity in Seasonal Temperate Rainforests under Record Fuel Aridity <https://www.mdpi.com/2571-6255/5/2/41> (“[Management in] fuel rich forests should focus instead on increasing community preparedness, hardening infrastructure, promoting forests that are more buffered against high-severity fire, and preparing for fire suppression (when weather permits), in addition to other FireWise activities such as wildfire awareness and evacuation planning.”)

After the smoke, an aerial view of the Beachie Creek and Holiday Farm burns <https://www.youtube.com/watch?v=4H9vAGLWtBY> (Oregonian)



Holiday Farm Fire - ~ 70% plantations





Bootleg Fire, Klamath Bioregion

Green Diamond - Sold Carbon Credits to Microsoft

<https://www.greendiamond.com/businesses/natural-climate-solutions/>

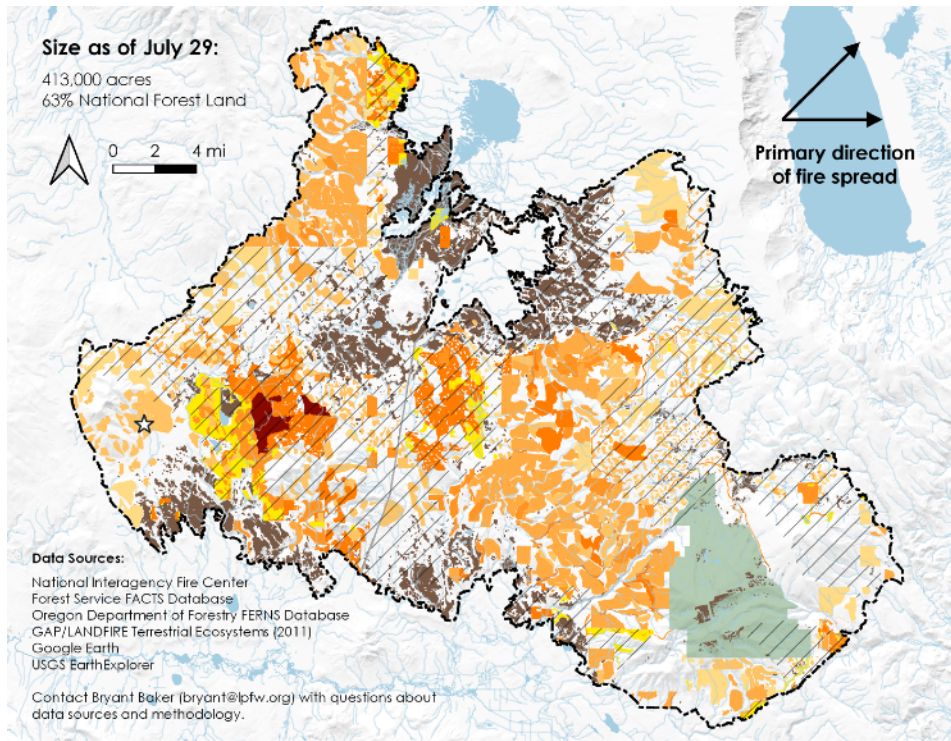
The Carbon Offset Projects Burned in the Bootleg fire

<https://opb.org/article/2023/08/02/climate-change-carbon-offset-oregon/>

Green Diamond On Having to Pay for Fire Protection

<https://olis.oregonlegislature.gov/liz/2024R1/Downloads/PublicTestimonyDocument/110048>





2021 Bootleg Fire Area Management History

- Fire Perimeter (July 29)
 - Ignition Area
 - Meadow or Shrub Steppe
 - Gearheart Wilderness
 - Utility Corridor
 - Active Grazing Allotment on National Forest Land
 - West Spodue Prescribed Fire April 2021
 - Prescribed Fire and Other Fuels Reduction Activities 2000 - 2020
- Public and Private Land Logging (Thinning, Selection, and Clearcut)**
- 1975 - 1984
 - 1985 - 1994
 - 1995 - 2004
 - 2005 - 2014
 - 2015 - 2020

