

E & Y paper *Tax Contributions of Oregon Forest Industry* is irrelevant and inaccurate



As legislators look at what to charge private forestland owners they should see data showing only what private owners pay in taxes and assessments for their land and on timber harvested from their land and the profits therefrom. **Only the first column on page five of the E & Y analysis is worthy of any attention.**

No bill this session seeks to tax either logging or wood products manufacturing; without those elements removed from the analysis, the E&Y study has no bearing on the issues at hand. The inclusion of logging (equipment, property and business taxes) and manufacturing (which includes everything from plywood mills to cabinet and furniture makers and manufactured homes) artificially elevates the taxes paid and GDP. **Their inclusion makes the analysis irrelevant to the issues at hand: Who pays for wildfire fighting, property and income taxes, how much is the public's responsibility and how much is the responsibility of timber owners whose assets are being protected.**

The E&Y paper includes several overstatements of timber owners' taxes in the somewhat relevant first column on page five of the paper:

- **\$16.4 million is overstated** for the **Forest Products Harvest Tax**. That includes the millions paid from the harvest of timber on federal, state and county lands, not just on private forestland.*
- **\$36.7 million is overstated for Property Taxes** as the methodology used includes the average of all taxes paid in a county, and most forestland assessments do not include special district taxes for cities, sewer and park districts, libraries, etc. which are included in each county's effective tax rate (page 12 of E&Y), so this figure is overstated.
- **Overstated amount for Machinery and Equipment included in Property Taxes** for forestry and logging. E&Y does not mention and may not know that little logging equipment is included as personal property taxes in Oregon. The Tax Expenditure Report shows the tax break for logging equipment was a \$3 million per year benefit for these businesses in 2019. This figure is likely overstated.
- **\$13 million CAT tax is overstated by roughly \$3.3 million** as it includes the tax on the sale of imported wood in Oregon, which unrelated to what Oregon's forestland owners pay in CAT taxes. Further, E&Y used national averages, rather than easily available Oregon data on the share of timber sold within Oregon vs exported which likely also exaggerated the CAT tax paid as it is only paid on timber sold within Oregon.
- **\$2.6 million Corporate income taxes is overstated as it includes taxes paid by logging companies.**
- **\$34.6 million in Individual income taxes is overstated as it includes taxes paid by logging companies.**

* The total for 2019 is \$16.4 m <https://www.oregon.gov/odf/Documents/workingforests/2019CFTLCAAnnualReport.pdf>
Link to E&Y Study: https://ofic.com/wp-content/uploads/2021/04/OFIC_Oregon-Analysis_Springfield-Chamber_April-2021.pdf