



February 28, 2024

Oregon Small Woodlands Association Testimony on SB 1593 and the multiple amendments.

Chair Meek and Members of the Committee,

My name is Roger Beyer and I am here representing OSWA in opposition to SB 1593.

I would like to focus on two parts of the original bill, the amount of the tax increase proposed and the elimination of harvest tax to fund the Oregon Forest Resources Institute (OFRI).

First, under this bill the current volume-based tax is eliminated and replaced by a severance tax based on value. OSWA opposes a value-based tax because it treats landowners differently, depending on the price received for logs and the costs to produce them and can be a disincentive to manage timber stands via high-cost selective harvesting methods.

If one assumes the current gross value for logs in northwest Oregon is \$500/MBF, a 2% tax, which is the mid-range called for in the bill, equals \$10.00/MBF if based on volume. This means the 2% rate would be a tax increase of 165% over the current rate. At \$600/MBF, the tax increase is 200% and at \$800/MBF it is 265%. All enormous increases. An additional issue with taxing based on gross sales value is that the landowner is required to pay tax on the value of harvesting and hauling the timber. For certain harvests, especially in eastern Oregon, the cost to harvest and haul can equal the total value of the timber, therefore the landowner would be paying tax on revenue they never receive.

Finally, I want to comment on the removal of the current harvest for OFRI. OFRI is the commodity commission for Oregon timber landowners. Much like the agricultural commodity commissions, this entity was created by the legislature to help support the industry. It is funded only by owners who harvest timber and those who do not agree with the assessments can ask for a refund of the assessment of that portion of the tax used to support OFRI's informational programs (OAR 628-010-0020).

While we appreciate this bill retains the 25MBF exemption I need to point out that very few landowners harvest in a manner that they stay below this amount annually. Most landowners time their harvests to peaks in log markets, and then don't harvest again for a designated time. A harvest must have enough volume that they can hire a logger and at an affordable price. They

work on a sustained yield basis but not harvesting annually. All timber owners get the same exemption each year, so it means the same for all landowners, regardless of ownership.

OSWA also opposes the study called for in the amendments. As stated above, we are opposed to a value-based tax on timber production and this study is only to look at that form of tax. In addition to that basic objection, for many of the questions asked in the study, the Department of Forestry would not be the entity to answer the question or the answer to the question is, in our opinion, irrelevant. Additionally, the list of groups required to be consulted in the study is both biased and inadequate. If the study is truly intended to get results that could be meaningful, this list would need to be greatly modified.

The final point I will make on this is the timeline for the study. The -1 and -2 amendments call for it to be completed by November 15, 2024 and the -3 by September 15, 2024. One of the Department of Forestry's main missions is fire prevention and suppression, which requires nearly all their focus from June to October. So even if we thought they should be doing it, this would not allow adequate time to complete a meaningful study and report.

Thank you for the opportunity to testify.