

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2051 - B

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Extends privilege tax on merchantable forest products harvested on forestlands.

Government Unit(s) Affected:

Department of Forestry

Summary of Expenditure Impact:

See Analysis

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis: The measure extends the period for which forest products harvest taxes are imposed and establishes rates for the extended period. The period extends to forest products harvested in calendar years 2014 and 2015. The measure sets the tax rate for support of forest research and experimentation at the Forest Research Laboratory at Oregon State University, and the rate of tax for administration of the Oregon Forest Practices Act. The forest products harvest taxes are collected by the Department of Revenue, and actual tax receipts are transferred to the Department of Forestry and to the Oregon University System on a quarterly basis.

The Legislative Fiscal Office notes that the taxes imposed in this measure are set at a rate to coordinate with the agency's approved budgets and projected harvest levels.

The measure reduces the tax rate for funding the Forest Research Laboratory to \$0.8439; and decreases the rate of tax for administration of Oregon Forest Practices Act from to \$1.2953 to \$0.9727. All rates are per thousand board feet of merchantable forest products harvested.

The approved budget financed by the Harvest Tax for the Forest Research Laboratory (FRL) is \$6.07 million. The bill will provide that amount of tax revenue to the Forest Research Laboratory in the 2013-15 biennium if the tax is paid on all timber harvested at the estimated projections. It matches an equal amount of General Fund for the FRL.

The approved budget financed by the Harvest Tax for Forest Practices is \$9.8 million. At the \$0.9727 rate, harvest taxes will yield \$4.4 million revenue. The balance of the revenue requirement will come from the beginning balance and three quarters of revenue at the prior rate estimated at a total of \$3.5 million.

The bill establishes a \$0.10 per thousand board feet of merchantable forest products harvested to provide funding to the Oregon State University College of Forestry, with expected revenue of \$0.7 million.

The harvest level forecast for the 2013-15 biennium is projected to be approximately \$7.1956 billion board feet and takes into consideration the current national housing market situation.

