

# HB 2495

## Forest Products Harvest Tax Increase

### Problem

The costs associated with large fires have become increasingly burdensome and have taken a toll on the state's General Fund. Historically, a severance tax was applied at the time of harvest to supplement the reduced amount paid in property taxes on timberland. Since the impacts of measure 5 & 50, artificial property tax rates were set without the value of standing timber. After these artificial rates were set, timber groups went back to the legislature and asked to be exempt from the severance tax *if* they paid the "full rate" in property taxes. These full rates do not include standing timber in the value of the property, meaning timber harvesters have seen multiple tax reductions as the result of measures 5 & 50 and previous legislative bodies.

### What the Bill Does

- Increases the Forest Products Harvest Tax
- Creates the Wildfire Suppression Fund
- Moneys must come from the Wildfire Suppression Fund *before* any General Fund dollars are spent, unless moneys in the fund are insufficient.

### Amendment Proposals

**HB 2495 -1:** In addition to the *current* forest products harvest tax, a severance tax will be imposed at the rate of 2.5% on the value of the timber at the time of harvest. This tax applies when a timber harvester incurs more than \$10 in total severance tax liability. The severance tax will be deposited in the Wildfire Suppression Fund that is created in Section 3 of the base bill.

**HB 2495 -2:** Increases the current Forest Products Harvest Tax by \$10/mbf and directs this increase to the Wildfire Suppression Fund that is created in Section 3 of the base bill.

**HB 2495 -4:** Reduces the amount of the Forest Products Harvest Tax that is received by OFRI by 60% and directs the 60% to the Wildfire Suppression Fund that is created under Section 3 of the base bill.