

# House Bill 2495

Sponsored by Representative HOLVEY (Pre-session filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Makes privilege taxes on merchantable forest products harvested on forestlands permanent and increases rate of tax levied for payment of benefits related to fire suppression. Creates Wildfire Suppression Fund and directs to fund portion of tax levied for payment of benefits related to fire suppression. Provides that State Forester may expend moneys from separate request for General Fund appropriation only if available moneys in Wildfire Suppression Fund are insufficient for expenditure.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to forest management; creating new provisions; amending ORS 321.015, 321.152, 477.281,  
3 477.760 and 477.777; prescribing an effective date; and providing for revenue raising that re-  
4 quires approval by a three-fifths majority.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 321.015 is amended to read:

7 321.015. (1) [*For the calendar years beginning January 1, 2018, and January 1, 2019,*] There is  
8 levied a privilege tax of 90.00 cents per thousand feet, board measure, upon taxpayers for the priv-  
9 ilege of harvesting of all merchantable forest products harvested on forestlands. Subject to ORS  
10 321.145, the proceeds of the tax shall be transferred as provided in ORS 321.152 (2) to the Forest  
11 Research and Experiment Account for use for the forest resource research, experimentation and  
12 studies described in ORS 526.215 and for the Forest Research Laboratory established under ORS  
13 526.225.

14 (2) Except as provided in ORS 477.760, in addition to the tax levied by subsection (1) of this  
15 section, there is levied a forest products harvest tax upon taxpayers of [62.5] **142** cents per thousand  
16 feet, board measure, for the privilege of harvesting all merchantable forest products harvested on  
17 forestlands for the payment of benefits related to fire suppression as provided in ORS 321.005 to  
18 321.185, 321.560 to 321.600 and 477.440 to 477.460.

19 (3) [*For the calendar years beginning January 1, 2018, and January 1, 2019,*] In addition to the  
20 taxes levied under subsections (1) and (2) of this section, there is levied a privilege tax upon tax-  
21 payers for the privilege of harvesting all merchantable forest products harvested on forestlands in  
22 the amount of 156.61 cents per thousand feet, board measure, for the purpose of administering the  
23 Oregon Forest Practices Act in an amount not to exceed 40 percent of the total expenditures ap-  
24 proved by the Legislative Assembly for this purpose, including salary adjustments approved by the  
25 Legislative Assembly [*for fiscal years 2018 and 2019*].

26 (4) [*For the calendar years beginning January 1, 2018, and January 1, 2019,*] In addition to the  
27 taxes levied by subsections (1) to (3) of this section, there is levied a privilege tax of 10 cents per  
28 thousand feet, board measure, upon taxpayers for the privilege of harvesting all merchantable forest

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 products harvested on forestlands. Subject to ORS 321.145, the proceeds of the tax shall be trans-  
 2 ferred as provided in ORS 321.152 (5) to the subaccount established pursuant to ORS 350.520 for use  
 3 by Oregon State University for the purpose of making investments in professional forestry education  
 4 at the College of Forestry.

5 (5) Subject to subsection (6) of this section, the taxes shall be measured by and be applicable to  
 6 each per thousand feet, board measure, on the total quantity of forest products harvested in this  
 7 state measured by use of any log scale which is or may be in general use in the logging industry  
 8 and which is designed to measure total volume of merchantable forest products in board feet. How-  
 9 ever, if the Department of Revenue finds that the scale used by any taxpayer in computing the taxes  
 10 due under ORS 321.005 to 321.185 and 321.560 to 321.600 does not accurately reflect the total  
 11 quantity of merchantable forest products harvested by the taxpayer, it may require the taxpayer to  
 12 adopt another log scale in general use in the industry which in the department's opinion will accu-  
 13 rately reflect merchantable harvest in board feet.

14 (6) The first 25,000 feet, board measure, of forest products harvested annually by any taxpayer  
 15 during each calendar year shall be excluded from the total quantity of harvested forest products that  
 16 constitutes the measure of the taxes under ORS 321.005 to 321.185 and 321.560 to 321.600.

17 **SECTION 2. The amendments to ORS 321.015 by section 1 of this 2019 Act apply to cal-**  
 18 **endar years beginning on or after January 1, 2020.**

19 **SECTION 3. The Wildfire Suppression Fund is created in the State Treasury, separate**  
 20 **and distinct from the General Fund. Moneys in the fund are continuously appropriated to**  
 21 **the State Forester for:**

22 (1) **Paying, or contributing to the payment of, emergency fire suppression costs.**

23 (2) **Providing funds for the purchase of emergency fire suppression costs insurance under**  
 24 **ORS 477.775.**

25 (3) **Acquiring and placing centrally managed fire suppression resources for statewide use.**

26 (4) **Acquiring fast-mobilizing, short-term contingency resources to be used based on pre-**  
 27 **dictions of severe fire weather, widespread lightning events or serious resource shortage due**  
 28 **to a heavy fire season in this state, in the western region of the United States or nationally.**

29 (5) **Enhancing forest protection district resources in cases where land productivity or**  
 30 **other economic factors seriously limit the ability of the State Forester to perform fire pro-**  
 31 **tection responsibilities.**

32 (6) **Mitigating forest patrol assessment rates in cases where land productivity or other**  
 33 **economic factors seriously limit the ability of the owners of forestlands in the forest pro-**  
 34 **tection district to comply with ORS 477.210 (1).**

35 **SECTION 4. ORS 321.152 is amended to read:**

36 321.152. (1) Subject to ORS 321.145 (2), moneys remaining in the Department of Revenue's sus-  
 37 pense account referred to in ORS 321.145 on February 10, May 10, August 10 and November 10 of  
 38 each year shall be transferred to the respective appropriation accounts described in subsections (2)  
 39 to (5) of this section.

40 (2) That part of the moneys derived from taxes levied by ORS 321.015 (1) shall be transferred  
 41 to the Forest Research and Experiment Account described in ORS 321.185.

42 (3) That part of the moneys derived from taxes levied by ORS 321.015 (3) shall be transferred  
 43 to the State Forestry Department Account referred to in ORS 526.060. Notwithstanding ORS 291.238,  
 44 the moneys transferred to the State Forestry Department Account under this section are appropri-  
 45 ated continuously for and shall be used by the State Forester, under the supervision and direction

1 of the State Board of Forestry, for the purposes of administering the Oregon Forest Practices Act  
2 and the forest practices monitoring program.

3 (4)(a) **Fifty-six percent of** that part of the moneys derived from taxes levied by ORS 321.015  
4 (2) shall be transferred to the Oregon Forest Land Protection Fund described in ORS 477.750.

5 (b) **Forty-four percent of that part of the moneys derived from taxes levied by ORS**  
6 **321.015 (2) shall be transferred to the Wildfire Suppression Fund created in section 3 of this**  
7 **2019 Act.**

8 (5) That part of the moneys derived from taxes levied by ORS 321.015 (4) shall be transferred  
9 to the subaccount established pursuant to ORS 350.520.

10 **SECTION 5.** ORS 477.760 is amended to read:

11 477.760. (1) The reserve base of the Oregon Forest Land Protection Fund is \$22.5 million. On  
12 or about the last day of February of each year the Emergency Fire Cost Committee shall meet and  
13 determine the unencumbered balance of the fund as of the preceding February 16.

14 (2) In order to maintain the reserve base of the fund at \$22.5 million, the Emergency Fire Cost  
15 Committee may request and the State Treasurer may approve transfers to the fund in accordance  
16 with ORS 293.205 to 293.225, if the moneys in this fund fall below the reserve base, whether or not  
17 there are sufficient moneys in the fund to pay the obligations of the fund. Repayment of any such  
18 transfers shall be made from moneys paid into the fund pursuant to ORS 321.015 (2), 477.277 and  
19 477.880 and from such other moneys as may be credited to the fund therefor.

20 (3) If the committee determines that the moneys in the fund exceed:

21 (a) The reserve base, and that no repayment obligations are outstanding from transfers made  
22 pursuant to subsection (2) of this section, then the Department of Revenue shall reduce the **portion**  
23 **of the** taxes described in ORS 321.015 (2) **that are levied for purposes of transfer to the fund**  
24 by 50 percent for the following calendar year and the surcharge for each improved lot or parcel  
25 described in ORS 477.277 and the assessments described in ORS 477.880 shall be reduced by 50  
26 percent for the following fiscal year.

27 (b) \$30 million, and that no repayment obligations are outstanding from transfers made pursuant  
28 to subsection (2) of this section, then the Department of Revenue may not collect the taxes described  
29 in ORS 321.015 (2) for the following calendar year and the surcharge for each improved lot or parcel  
30 described in ORS 477.277 and the assessments described in ORS 477.880 may not be collected until  
31 the calendar year or fiscal year following the determination of the committee that the unencumbered  
32 balance in the fund is less than or equal to \$22.5 million.

33 (4)(a) Notwithstanding any other provision of law, if the funds referred to in subsection (2) of  
34 this section are inadequate to cover repayment of transfers from the State Treasurer or from other  
35 sources, the State Forester shall increase the following taxes, assessments and charges in an amount  
36 adequate to ensure repayment of the transfers, and any interest accrued thereon, allowing for con-  
37 tingencies in valuation, assessment and collection:

38 (A) The harvest tax referred to in ORS 321.015 (2).

39 (B) The surcharge on developed lots referred to in ORS 477.277.

40 (C) The minimum assessment referred to in ORS 477.295.

41 (D) The acreage assessments referred to in ORS 477.880 (2).

42 (b) The increases to taxes, assessments and charges shall be apportioned based upon the  
43 proportionate levels of revenues received from each source by the Oregon Forest Land Protection  
44 Fund. Any such increases shall be computed on or before January 1 of each year, and shall be based  
45 upon revenues received during the previous four quarters. Any such increases shall be made in the

1 appropriate calendar or fiscal year following that in which the requested transfers from the State  
 2 Treasurer or from other sources are made. **Notwithstanding ORS 321.152 (4), the full amount**  
 3 **derived from an increase in the harvest tax referred to in ORS 321.015 (2) pursuant to this**  
 4 **subsection shall be transferred to the Oregon Forest Land Protection Fund created under**  
 5 **ORS 477.750.**

6 **SECTION 6.** ORS 477.777 is amended to read:

7 477.777. (1) As part of the preparation of the agency request budget submitted to the Oregon  
 8 Department of Administrative Services pursuant to ORS 291.208 for the State Forestry Department,  
 9 the State Forester shall prepare, in addition to any amounts budgeted for forest protection districts  
 10 pursuant to ORS 477.205 to 477.281, a request for a General Fund appropriation for the following  
 11 purposes:

12 (a) Providing funds for the purchase of emergency fire suppression costs insurance under ORS  
 13 477.775.

14 (b) Acquiring and placing centrally managed fire suppression resources for statewide use.

15 (c) Acquiring fast-mobilizing, short-term contingency resources to be used based on predictions  
 16 of severe fire weather, widespread lightning events or serious resource shortage due to a heavy fire  
 17 season in this state, in the western region of the United States or nationally.

18 (d) Enhancing forest protection district resources in cases where land productivity or other  
 19 economic factors seriously limit the ability of the forester to perform fire protection responsibilities.

20 (e) Mitigating forest patrol assessment rates in cases where land productivity or other economic  
 21 factors seriously limit the ability of the owners of forestlands in the forest protection district to  
 22 comply with ORS 477.210 (1).

23 (2) The State Forester [*shall utilize critical discretion in the expenditure of the*] **may expend**  
 24 funds provided to the State Forestry Department pursuant to the separate request required under  
 25 subsection (1) of this section **only if, and to the extent that, available moneys in the Wildfire**  
 26 **Suppression Fund created under section 3 of this 2019 Act are insufficient for the**  
 27 **expenditure.**

28 (3) The State Forester shall report to the Emergency Board, each year, after the close of the fire  
 29 season, on:

30 (a) The nature and severity of the fire season;

31 (b) The moneys expended on fire suppression;

32 (c) The balance remaining from the biennial appropriation; and

33 (d) Any matters arising out of the fire season that may require attention or warrant future  
 34 consideration by the board or the Legislative Assembly.

35 (4) When reporting the nature and severity of the fire season under subsection (3) of this section,  
 36 for each fire consuming 1,000 or more acres, the State Forester shall provide information regarding  
 37 the resulting losses on private lands of timber, buildings, fencing and livestock and of grazing land  
 38 capacity if the land is expected to be unavailable for two or more grazing seasons.

39 **SECTION 7.** ORS 477.281 is amended to read:

40 477.281. (1) The obligation of an owner of timberland or grazing land for payment of assessments  
 41 and taxes for fire protection of forestland is limited to:

42 (a) The payment of moneys pursuant to ORS 321.015 (2), 477.277, 477.295, 477.760 (4) and 477.880  
 43 to maintain the Oregon Forest Land Protection Fund **created under ORS 477.750 and the Wildfire**  
 44 **Suppression Fund created under section 3 of this 2019 Act;** and

45 (b) The payment of forest protection district assessments pursuant to ORS 477.060 and 477.205

1 to 477.281.

2 (2) As used in this section, “obligation of an owner of timberland or grazing land for payment  
3 of assessments and taxes for fire protection of forestland” does not include the duties or obligations  
4 of the owner under ORS 477.066, 477.068 or 477.120 or the obligations of an owner of land included  
5 in a rural fire protection district pursuant to ORS 478.010.

6 **SECTION 8. This 2019 Act takes effect on the 91st day after the date on which the 2019**  
7 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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