

House Bill 3080

Sponsored by Representative HOLVEY

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**.

Creates Wildfire Suppression Fund and directs to fund 60 percent of revenue from additional privilege tax on harvesting forest products. Directs amount derived from increase in certain privilege tax on harvesting forest products to Oregon Forest Land Protection Fund. 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 321.005, 321.017, 477.281,
3 477.760 and 477.777; and prescribing an effective date.

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

5 **SECTION 1.** ORS 321.017 is amended to read:

6 321.017. (1) In addition to the taxes levied under ORS 321.015 (1) to (4), there hereby is levied
7 a privilege tax upon taxpayers on the harvesting of all merchantable forest products harvested on
8 forestlands in the amount provided in subsection (2) of this section.

9 (2) The rate of tax levied in subsection (1) of this section shall be established annually at the
10 beginning of each calendar year by the board of directors of the Oregon Forest Resources Institute,
11 at a rate not to exceed 75 cents per thousand feet, board measure, adjusted annually for inflation
12 since 1991 based on the [*Consumer Price Index (Portland area -- all items)*] **Consumer Price Index**
13 **for All Urban Consumers, West Region**, as published by the Bureau of Labor Statistics of the
14 United States Department of Labor [*for the Portland, Oregon, area*].

15 (3) The tax shall be measured by and be applicable to each per thousand feet, board measure,
16 and such shall be subject to and determined by the procedures and provisions of ORS 321.015 (5)
17 and (6).

18 (4) The tax levied by subsection (1) of this section shall be due and payable to the Department
19 of Revenue in the manner and procedure, including penalties and interest, as set forth for the col-
20 lection of the privilege tax in ORS 321.005 to 321.185.

21 (5) The revenue from the tax levied by subsection (1) of this section shall be remitted to the
22 State Treasurer who shall deposit it in a suspense account established under ORS 321.145 (1). After
23 payment of refunds, which shall be paid in the same manner as other forest products harvest tax
24 refunds are paid in ORS 321.145 (2), the balance of the additional tax imposed under subsection (1)
25 of this section shall be deposited **as follows**:

26 (a) **Sixty percent in the Wildfire Suppression Fund created under section 2 of this 2019**
27 **Act; and**

28 (b) **Forty percent in the Oregon Forest Resources Institute Fund created under ORS**
29 **526.675.**

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 **SECTION 2.** The Wildfire Suppression Fund is created in the State Treasury, separate
 2 and distinct from the General Fund. Moneys in the fund are continuously appropriated to
 3 the State Forester for:

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

5 (2) Providing funds for the purchase of emergency fire suppression costs insurance under
 6 ORS 477.775.

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

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

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

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

17 **SECTION 3.** ORS 477.760 is amended to read:

18 477.760. (1) The reserve base of the Oregon Forest Land Protection Fund is \$22.5 million. On
 19 or about the last day of February of each year the Emergency Fire Cost Committee shall meet and
 20 determine the unencumbered balance of the fund as of the preceding February 16.

21 (2) In order to maintain the reserve base of the fund at \$22.5 million, the Emergency Fire Cost
 22 Committee may request and the State Treasurer may approve transfers to the fund in accordance
 23 with ORS 293.205 to 293.225, if the moneys in this fund fall below the reserve base, whether or not
 24 there are sufficient moneys in the fund to pay the obligations of the fund. Repayment of any such
 25 transfers shall be made from moneys paid into the fund pursuant to ORS 321.015 (2), 477.277 and
 26 477.880 and from such other moneys as may be credited to the fund therefor.

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

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

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

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

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

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

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

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

4 (b) The increases to taxes, assessments and charges shall be apportioned based upon the
 5 proportionate levels of revenues received from each source by the Oregon Forest Land Protection
 6 Fund. Any such increases shall be computed on or before January 1 of each year, and shall be based
 7 upon revenues received during the previous four quarters. Any such increases shall be made in the
 8 appropriate calendar or fiscal year following that in which the requested transfers from the State
 9 Treasurer or from other sources are made. **Notwithstanding ORS 321.152 (4), the full amount
 10 derived from an increase in the harvest tax referred to in ORS 321.015 (2) pursuant to this
 11 subsection shall be transferred to the Oregon Forest Land Protection Fund created under
 12 ORS 477.750.**

13 **SECTION 4.** ORS 477.777 is amended to read:

14 477.777. (1) As part of the preparation of the agency request budget submitted to the Oregon
 15 Department of Administrative Services pursuant to ORS 291.208 for the State Forestry Department,
 16 the State Forester shall prepare, in addition to any amounts budgeted for forest protection districts
 17 pursuant to ORS 477.205 to 477.281, a request for a General Fund appropriation for the following
 18 purposes:

19 (a) Providing funds for the purchase of emergency fire suppression costs insurance under ORS
 20 477.775.

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

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

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

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

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

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

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

38 (b) The moneys expended on fire suppression;

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

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

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

SECTION 5. ORS 477.281 is amended to read:

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

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

(b) The payment of forest protection district assessments pursuant to ORS 477.060 and 477.205 to 477.281.

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

SECTION 6. ORS 321.005 is amended to read:

321.005. As used in ORS 321.005 to 321.185, 321.560 to 321.600 and 477.440 to 477.460, unless the context requires otherwise:

[(1) “Board” means the State Board of Forestry.]

[(2) “Protected forestlands” means those lands which are protected from the starting or spread of fire thereon or therefrom by:]

[(a) The State Forester, with the approval of the board;]

[(b) The United States of America through contract with the State Forester;]

[(c) Any forest protective agency under contract with the State Forester or the board pursuant to ORS 477.406; or]

[(d) Any forest protective agency, described in paragraph (c) of this subsection, under an agreement with the United States of America wherein such agency agrees to protect specific federal forestlands and, in return, the United States of America agrees to protect specific lands of such agency.]

[(3) “Department” means the Department of Revenue.]

[(4) “Committee” means the Emergency Fire Cost Committee.]

[(5) “Forestland” means any land producing forest products.]

(1) “Consumer Price Index for All Urban Consumers, West Region” means the Consumer Price Index for All Urban Consumers, West Region (All Items) as published by the Bureau of Labor Statistics of the United States Department of Labor.

[(6)] **(2) “Forest products” means products from harvested timber[, but does not include] other than products from short rotation fiber grown under agricultural conditions as described in ORS 321.267 (3) or 321.824 (3), western juniper or products from harvested western juniper.**

(3) “Forestland” means any land producing forest products.

[(7)] **(4) “Harvest” means the point at which timber that has been cut, severed, or removed for purposes of sale or use is first measured in the ordinary course of business as determined by reference to common practice in the timber industry.**

[(8)] **(5) “Merchantable stand of timber” means any stand on forestlands containing living or dead timber [which] that is being or can be harvested.**

(6) “Owner of timber” means any individual or combination of individuals, partnership, firm, corporation or association of whatever nature holding title to harvested timber by virtue of:

(a) An instrument of conveyance;

(b) The harvesting of the timber; or

1 **(c) The harvesting of the timber and payment therefor.**

2 [(9) *“Taxpayer” means the owner of timber at time of harvest.*]

3 [(10)] **(7) “Taxes”** means the taxes provided for in ORS 321.015.

4 [(11) *“Owner of timber” means any individual or combination of individuals, partnership, firm,*
5 *corporation or association of whatever nature holding title to harvested timber by virtue of:*]

6 [(a) *An instrument of conveyance;*]

7 [(b) *The harvesting of the timber; or*]

8 [(c) *The harvesting of the timber and payment therefor.*]

9 **(8) “Taxpayer” means the owner of timber at time of harvest.**

10 [(12)] **(9) “Timber”** means all logs [*which*] **that** can be measured in board feet and other forest
11 products as determined by Department **of Revenue** rule.

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

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