

This document is intended to explain my request for an amendment to the Forest Products Harvest Tax.

Current situation

The Forest Products Harvest Tax is comprised of five distinct rates based on information provided by three different entities (ODF, OSU, OFRI). Four of the rates are adjusted statutorily by the Legislature biennially. One rate, the OFRI rate is set by the OFRI board annually.

For the four that are set by the Legislature, The House Revenue Committee passes a bill describing the harvest tax, with blank rates, and the bill goes to Joint Committee on Ways and Means. Legislative Fiscal Office contacts the various entities who then each provide budgets in late May or early June to support the various programs, which informs the rates that LFO develops and puts into the bill. The legislature then votes on the funding bill, known as the Forest Products Harvest Tax bill; this requires a 3/5 vote. Once enrolled, and formal rates are established, the Department of Revenue collects it, and the money goes to a suspense account at Treasury for distribution. Current rates are as follows:

1. Forest Research Lab (OSU):	\$0.9000	(21.8%)
2. Oregon Forestland Protection Fund (Emergency Fire Cost Committee):	\$.6250	(15.1 %)
3. Oregon Forest Practices Act (ODF):	\$1.3872	(33.6%)
4. Forestry education (OSU):	\$.1000	(2.4%)
5. Oregon Forest Resources Institute (OFRI):	\$1.1200	(27.1%)

Amendment concept

Establish a single rate and remove sunset. Purpose: make the process more transparent; add dependability for budgeting and taxpayers.

Main features

Retain the current key features, such as excluding first 25,000 board feet and directing the revenue to existing programs.

- A. Set a single rate: \$4.5256. For reference, the current rate is \$4.1322/MBF, or thousand board feet, to cover all five components of current tax. Taking the high point of the individual tax rates over the past 10 years, in today's dollars, the rate would have been \$4.7183.
- B. Remove required 40/60 (private/public) split and therefore the resulting cap on expenditures from the tax for the Oregon Forest Practices Act.
- C. No sunset.
- D. Adjust for inflation annually based on western states CPI.
- E. First 25,000 feet, board measure, is excluded.
- F. Distribute the revenue: Percentage to existing programs, same distribution as now.
Note: if the expenditure cap on Forest Practices Act is reached, revenue may be spent on fire suppression, fire mitigation, forest health, or habitat conservation.