

B-Engrossed
House Bill 2357

Ordered by the House June 3
Including House Amendments dated March 31 and June 3

Sponsored by Representatives SALINAS, HOLVEY, Senator GOLDEN; Representatives PHAM, REYNOLDS, WILDE
(Presession 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.

Establishes Sound Forestry Practices Subaccount and Family Forestlands Subaccount as subaccounts of State Forestry Department Account.

Requires that revenue from levy of additional privilege tax under forest products harvest tax be credited to State Forestry Department Account for deposit in Sound Forestry Practices Subaccount, Oregon Forest Resources Institute Fund and Family Forestlands Subaccount, in certain amounts.

Directs State Forestry Department to use moneys in Sound Forestry Practices Subaccount to develop and apply sound forestry practices in collaboration with other state agencies.

Directs department to use moneys in Family Forestlands Subaccount to provide certain support for owners of small forestlands.

Expands board of directors of Oregon Forest Resources Institute to include as voting members, **jointly appointed by President of Senate and Speaker of House of Representatives**, one person who represents environmental community and one person who has experience with fishery or wildlife-related science.

Prohibits Oregon Forest Resources Institute from expending funds for certain advertising or outreach. Requires institute to maintain records of staff interactions with certain individuals, report to Governor on records and make report publicly available.

A BILL FOR AN ACT

1
2 Relating to forest management; creating new provisions; and amending ORS 321.017, 321.145, 526.060,
3 526.600, 526.610, 526.615 and 526.650.

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

5 **SECTION 1. (1) In collaboration with other state agencies, the State Forestry Depart-**
6 **ment shall develop and apply sound forestry practices to:**

7 (a) **Promote forest health;**

8 (b) **Incorporate regulation or monitoring of pesticide use in forests;**

9 (c) **Employ adaptive resource management; and**

10 (d) **As related to forest management, advance climate science or climate policy.**

11 (2) **The department shall undertake projects that further the purposes described in sub-**
12 **section (1) of this section.**

13 **SECTION 2. The State Forestry Department shall:**

14 (1) **Provide support for any committee created by the State Board of Forestry to serve**
15 **owners of small forestlands.**

16 (2) **Aid owners of small forestlands in understanding the Oregon Forest Practices Act and**
17 **implementing sustainable forestry methods.**

18 (3) **Conduct education initiatives for owners of small forestlands.**

19 **SECTION 3. ORS 321.017 is amended to read:**

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.

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

4 (2) **The State Board of Forestry shall establish annually, at the beginning of each calendar**
5 **year**, the rate of tax levied in subsection (1) of this section [*shall be established annually at the be-*
6 *ginning of each calendar year by the board of directors of the Oregon Forest Resources Institute*], at
7 a rate not to exceed 75 cents per thousand feet, board measure, adjusted annually for inflation since
8 1991 based on the Consumer Price Index for All Urban Consumers, West Region (All Items), as
9 published by the Bureau of Labor Statistics of the United States Department of Labor.

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

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

16 (5) The revenue from the tax levied by subsection (1) of this section shall be remitted to the
17 State Treasurer who shall deposit it in a suspense account established under ORS 321.145 (1). After
18 payment of refunds, which shall be paid in the same manner as other forest products harvest tax
19 refunds are paid in ORS 321.145 (2), the balance of the additional tax imposed under subsection (1)
20 of this section shall be [*deposited in the Oregon Forest Resources Institute Fund.*] **credited to the**
21 **State Forestry Department Account and deposited as follows:**

22 (a) **Fifty percent in the Sound Forestry Practices Subaccount established in ORS 526.060;**

23 (b) **Thirty-three percent in the Oregon Forest Resources Institute Fund established in**
24 **ORS 526.675; and**

25 (c) **Seventeen percent in the Family Forestlands Subaccount established in ORS 526.060.**

26 **SECTION 4.** ORS 321.145 is amended to read:

27 321.145. (1) The revenue from the taxes levied [*by*] **under** ORS 321.005 to 321.185 and 321.560
28 to 321.600 shall be remitted to the State Treasurer who shall deposit it in a suspense account es-
29 tablished under the provisions of ORS 293.445.

30 (2) Notwithstanding the provisions of ORS 291.238, the amount of moneys necessary to pay re-
31 funds of the taxes levied under ORS 321.015 [*(1) to (4) hereby*] **and 321.017** is appropriated contin-
32 uously to the Department of Revenue from the suspense account referred to in subsection (1) of this
33 section, and shall be used by the department for the payment of all refunds of taxes levied under
34 ORS 321.015 [*(1) to (4)*] **and 321.017** that have been audited and approved by the department. Any
35 penalties, interest and taxes then due from the taxpayer shall be applied in that order in computing
36 any refund, and only the balance due the taxpayer, if any, shall be refunded. The department shall
37 on its records charge each refund against the revenue from the tax with respect to which the refund
38 is made.

39 **SECTION 5.** ORS 526.060 is amended to read:

40 526.060. (1) Except as provided in ORS 526.121, 530.147 and 530.280, all assessments, federal ap-
41 portionments or contributions, and other moneys received by the forester or State Board of Forestry,
42 shall be paid into the State Treasury and credited to the State Forestry Department Account, which
43 is established separate and distinct from the General Fund. All moneys in the State Forestry De-
44 partment Account are continuously appropriated, and shall be used by the forester, under the
45 supervision and direction of the board, for the purposes authorized by law.

1 (2) The forester shall keep a record of all moneys deposited in the State Forestry Department
2 Account. The record shall indicate by separate cumulative accounts the source from which the
3 moneys are derived and the individual activity or program against which each withdrawal is
4 charged. All moneys in the account received pursuant to ORS 527.610 to 527.770 and 527.992 shall
5 be used only for carrying out the duties, functions and powers of the State Forestry Department in
6 administering ORS 527.610 to 527.770 and 527.992.

7 (3) The Urban and Community Forestry Subaccount is established as a subaccount of the State
8 Forestry Department Account. Moneys in the Urban and Community Forestry Subaccount are con-
9 tinuously appropriated to the State Forestry Department to be used for urban and community forest
10 activities described in ORS 469.634 and 469.652.

11 (4) The State Forest Enhancement Donation Subaccount is established as a subaccount to the
12 State Forestry Department Account. Moneys in the State Forest Enhancement Donation Subaccount
13 are continuously appropriated to the State Forestry Department to be used for the purposes de-
14 scribed in ORS 526.065.

15 (5) The State Forest Nursery Subaccount is established as a subaccount to the State Forestry
16 Department Account. Moneys in the State Forest Nursery Subaccount are continuously appropriated
17 to the State Forestry Department to be used for the purposes described in ORS 526.235.

18 (6) The State Forest Tree Seed Bank Subaccount is established as a subaccount to the State
19 Forestry Department Account. Moneys in the State Forest Tree Seed Bank Subaccount are contin-
20 uously appropriated to the State Forestry Department to be used for the purposes described in ORS
21 526.470.

22 (7) The State Forest Tree Seed Orchard Subaccount is established as a subaccount to the State
23 Forestry Department Account. Moneys in the State Forest Tree Seed Orchard Subaccount are con-
24 tinuously appropriated to the State Forestry Department to be used for the purposes described in
25 ORS 526.472.

26 **(8) The Sound Forestry Practices Subaccount is established as a subaccount of the State
27 Forestry Department Account. Moneys in the Sound Forestry Practices Subaccount are
28 continuously appropriated to the State Forestry Department for the purposes described in
29 section 1 of this 2021 Act.**

30 **(9) The Family Forestlands Subaccount is established as a subaccount of the State
31 Forestry Department Account. Moneys in the Family Forestlands Subaccount are contin-
32 uously appropriated to the State Forestry Department for the purposes described in section
33 2 of this 2021 Act.**

34 [(8)] **(10)** Notwithstanding ORS 291.238, the moneys credited to the subaccounts established un-
35 der subsections (5), (6), [and] (7), **(8) and (9)** of this section shall be continuously available on a
36 revolving basis.

37 **SECTION 6.** ORS 526.600 is amended to read:

38 526.600. As used in ORS 526.600 to 526.675, unless the context requires otherwise:

39 (1) "Institute" means the Oregon Forest Resources Institute.

40 (2) "Producer" means a producer of forest products and includes any person, partnership, asso-
41 ciation, corporation, cooperative or other business entity involved in the growing, harvesting or
42 producing of timber or timber products. "Producer" does not include landowners who meet the re-
43 quirement of ORS 526.610 [(4)] **(2)(d)**.

44 **SECTION 6a.** ORS 526.610 is amended to read:

45 526.610. **(1)** There is created the Oregon Forest Resources Institute. The institute shall be gov-

1 erned by a board of directors [*appointed by the State Forester. In making the appointments, the State*
2 *Forester shall take into consideration any nominations or recommendations made to the State Forester*
3 *by producers or organizations that represent producers. The board shall consist*] **consisting** of [11]
4 **13** voting members plus two nonvoting members. [*appointed as follows:*]

5 **(2) After consideration of any nominations or recommendations made to the State**
6 **Forester by producers or organizations that represent producers, the State Forester shall**
7 **appoint to the board:**

8 [(1)] **(a)** Three voting members to represent small producers of 20 million board feet or less per
9 year.

10 [(2)] **(b)** Three voting members to represent medium producers of more than 20 million board feet
11 but less than 100 million board feet per year.

12 [(3)] **(c)** Three voting members to represent large producers of 100 million board feet or more
13 per year.

14 [(4)] **(d)** One voting member who is an owner of between 100 and 2,000 acres of forestland and
15 who has no direct financial interest in any forest products processing activity.

16 [(5)] **(e)** After consideration of the recommendations of the other appointed members **described**
17 in [*subsections (1) to (4)*] **paragraphs (a) to (d)** of this [*section*] **subsection**, one voting member who
18 is an hourly wage employee of a producer or a person who represents such employees. [*The member*
19 *appointed under this subsection need not comply with the requirements of ORS 526.615 (3) to (6).*]

20 **(3) The President of the Senate and Speaker of the House of Representatives shall jointly**
21 **appoint to the board:**

22 **(a) One voting member who represents the environmental community.**

23 **(b) One voting member who has experience with a fishery or a wildlife-related science.**

24 **(c) One nonvoting member to represent the public who may not be a member of or sig-**
25 **nificantly affiliated with any organization of or business in the timber industry or any or-**
26 **ganization or business known to support or promote environmental or conservation issues.**

27 **(4) The members appointed under subsection (3) of this section serve at the pleasure of**
28 **the President of the Senate and the Speaker of the House of Representatives.**

29 [(6)(a) *Two nonvoting members:*]

30 [(A)] **(5) The Dean of the College of Forestry at Oregon State University shall serve on the**
31 **board as a nonvoting member.**

32 [(B) *An individual jointly appointed by the President of the Senate and the Speaker of the House*
33 *of Representatives to represent the public. The public representative may not be a member of or sig-*
34 *nificantly affiliated with any organization of or business in the timber industry or any organization*
35 *or business known to support or promote environmental or conservation issues. A person appointed*
36 *under this subparagraph serves at the pleasure of the President of the Senate and the Speaker of the*
37 *House of Representatives.*]

38 [(b) *Members referred to in this subsection*]

39 **(6) The nonvoting members** are not subject to ORS 526.615 to 526.625.

40 **SECTION 7.** ORS 526.615 is amended to read:

41 526.615. **(1)** [*Except as provided in ORS 526.610 (5), each*] **A** voting member of the board of di-
42 rectors of the Oregon Forest Resources Institute **who is described in ORS 526.610 (2)(a) to (d)**
43 **or (3)(a) or (b) must** [*shall have the following qualifications*]:

44 [(1)] **(a)** Be a citizen of the United States.

45 [(2)] **(b)** Be a bona fide resident of this state.

1 **(2) A voting member who is described in ORS 526.610 (2)(a) to (d) must also:**

2 [(3)] **(a)** Be a producer in this state, an employee of such a producer or own between 100 and
3 2,000 acres of forestland in this state on which harvest taxes are paid, but have no direct financial
4 interest in any forest products processing activity.

5 [(4)] **(b)** Have been actively engaged in producing forest products for a period of at least five
6 years.

7 [(5)] **(c)** Derive a substantial proportion of income from the production of forest products.

8 [(6)] **(d)** Have demonstrated, through membership in producers' organizations or organizations
9 representing landowners who meet the requirements of ORS 526.610 [(4)] **(2)(d)**, a profound interest
10 in the development of Oregon's forest products industry.

11 **SECTION 8.** ORS 526.650 is amended to read:

12 526.650. (1) Notwithstanding ORS 526.645 (2), [*no funds shall be expended by the Oregon Forest*
13 *Resources Institute*] **the Oregon Forest Resources Institute may not expend funds:**

14 **(a)** For the purpose of supporting or opposing litigation or other legal action [*which*] **that** is
15 unrelated to the administration of the institute.

16 [(2)] **(b)** [*No funds shall be expended by the institute*] For the purpose of influencing, or attempt-
17 ing to influence, [*any*] legislation or [*any*] a rulemaking or other administrative activity of [*any*] a
18 state board, commission or agency.

19 **(c) On generalized advertising for public education related to forest practices, including**
20 **the adequacy or effectiveness of any particular forest practice.**

21 **(d) On educational materials, trainings, tours or other outreach that does not include a**
22 **conservation perspective.**

23 **(2) The institute shall:**

24 **(a) Maintain records of interactions between institute staff and elected officials, members**
25 **of boards and commissions and senior agency employees.**

26 **(b) By January 15 of each year, present a report summarizing the records to the Gover-**
27 **nor.**

28 **(c) Make the report available to the public on a website maintained by the institute.**
29