

Written comments About Tax Bills 2/25/21 and 3/2/21

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Resident of Clackamas County

My background

- Currently an associate member of 3 chapters of OSWA (natural resource professional) and a member of the Society of American Foresters
- Finished Master's in Forestry from OSU in December 2020
- OSU Graduate Assistant for Forest Operations, Regulations & Policy Issues class in Fall 2019
- Worked at OSU Extension Forestry in Clackamas County coordinating Tree School and other small forest landowner educational programs 2014-2018
 - Most small forest landowners own less than 100 acres of forest land
 - I connected best management practices in forestry from forest research to forest landowners
- Previously owned and managed a commercial tree & shrub nursery for 17 yrs in Clackamas County

HB 2070: I support the current method of assessing tax provided that upcoming tax rates are similar to past rates and agree with the assessment occurring every 2 years. I support the money allocation that goes to wildfire control, Forest Practices Act Administration, OSU research and education and OFRI forest education.

I oppose HB 2379, 2389, 2357, 2430, 2598

Some of the reasoning for why I oppose the tax bills:

- There is no written reason as to why the budget should be reassessed annually in HB 2430 and 2389, as opposed to assessing it every 2 years as in HB2070.
- I agree with the legislature ruling in 2000 from the posted report, History of Timber Taxes, that timber is a crop and should be exempt from harvest taxes as other crops are. Nursery stock is a crop which ranges from 1 yr seedlings to mature specimens of 20+ yrs. Like today's forests which commonly are harvested at 40 yrs, both nursery stock and timber require annual management: planting, invasive plant removal, pruning, fertilizing, disease and insect management with a harvest at planned intervals.
- When timber taxes were first assessed in Oregon, old growth and 2nd growth timber were cut, there was not much material input/costs beyond land purchase. Today's timber is more likely 3rd growth or more (counted as regenerating from old growth). Each growth cycle removes nutrients which must be replaced to obtain optimum growth which increases cost of timber production.
- Regulations outlined in today's Forest Practices Act were not in place with earlier timber tax assessments. There was no Endangered Species Act, Clean Water Act. Additionally, riparian buffers which protect water quality and fish habitat remove or reduce portions of forest land from harvest. This all requires additional costs to implement which were not present when early timber tax was assessed.
- Harvest receipts from the mill minus logging and transport are not all profit. Cost of land and cost of timber at the time land is purchased, annual taxes, as well as annual maintenance labor & costs must be deducted at the time of harvest.
- In addition, a forest landowner has federal taxes to pay on timber harvests. After all these expenses, how much does a forest landowner actually get to retain for their labor and risk? Too many taxes aimed at small private forest landowners may backfire and result in a lack of harvest which will reduce the need for employees and contractors, reduce jobs and income.

- I agree with the other comments made by Representative Smith, Commissioner Sweet, Kevin Campbell, Chris Edwards and others that it's important to delay any changes to current taxation due to 2020 wildfires, Co-vid and also from the recent damage within forests from the ice storms.
- Additionally, HB 2379 changes the level of tax on timber harvest. If the mill pays \$500/MBF for Douglas-fir logs, it will increase the tax from \$4/MBF to 5%/MBF or \$25/MBF. This is an increase of 6 times the current rate!

I support the continued role of OFRI and their receipt of timber harvest tax monies contributed by private forest landowners.

- OFRI has a history of 30 active years of forest education and forging educational partnerships in Oregon.
- Small private forest landowners have greatly benefitted from the myriad of educational opportunities provided by OFRI.
- Students in OSU Forestry classes and private forest landowners utilize the illustrated Oregon's Forest Protection Laws Manual produced by OFRI now in its 3rd edition, an excellent manual which provides an understandable format of Forest Practice Act Rules. This user-friendly manual is an invaluable tool that assists forest land managers in understanding how to comply with the rules. Without it and its regular updates, it will be far more difficult for practitioners to understand the complex rules. The manual helps make it understandable how to protect the natural resources that Oregonians care about.
- Oregon Future Natural Resource Leaders supports forestry and natural resource high school students. OFRI's sponsorship of this group results in positive contributions in the lives of high school students who participate in high school classes in natural resources and field trip sponsored yearly competitions. Students focus on industry interviewing, plant identification, forestry tool identification, mapping and other targeted content areas at the yearly events.
- The audit of OFRI ordered by the governor has not even been completed.
- Consider putting in checks and balances to rectify problems found in audit after it is completed. Choose an alternative to dissolution of OFRI. OFRI has done and continues to do important work.