



HB 2379

Representative

Paul Holvey

February 25, 2021

Statutory Policy

“The prevention and suppression of forest fires on forestlands for the preservation of forest resources and the continuous growth of timber on land suitable therefor are declared to be the public policy of the state of Oregon.” – ORS 321.011

HB 4304 – Fire Cost Study

- In August the Oregon legislature passed legislation to have an independent fire cost study which includes an advisory committee of stakeholders to examine the allocation of fire costs and who pays for those costs. HB 4304 - Sec 69 (pg-21).

HB 2379 – Simplify our Timber Tax Structure, Fund Rural Counties, Protect Our Forestland and Create a Robust Fire Suppression Fund

HB 2379 replaces the harvest tax, implements a severance tax, and creates the Wildfire Suppression Fund:

1) Creates ‘emergency wildfire fund’

- Revenues from portion of severance tax
- Minimum unencumbered balance of - \$125 million
- Revenues in excess of balance go quarterly to counties (based on harvest levels) – maintaining not supplanting existing budget
- 100% of emergency fire costs (net fire cost have averaged \$42.3 million per year over the last 8 years, including insurance payments)
- 100% of severity resource costs
- Appropriated to ODF, but subject to legislative expenditure authority (may have to appropriate to Emergency Board due to FEMA issues)

- 2) Establish a 5% forest products severance tax based on value of timber harvested.
 - Exempts first 25,000 board feet of annual harvest
 - Direct 50% of funds raised to the wildfire suppression fund
 - Direct 25% to counties (proportionate to harvest levels)
 - Direct 15% for administration of Forest Practices –
 - 1. - Creates a “Forest Practices Act Administration” fund appropriated to ODF, subject to legislative expenditure limitation (We want to make sure money is used for FPA in entirety not just dumped into ODF’s general operating fund and will be more easily kept track of).
 - Direct 10% to HECC for forestry education and the OSU Forest Research Lab.

3) Repeal harvest tax entirely (ORS 321.015)

- Eliminates funding for OFRI

4) Repeal Oregon Forest Land Protection Fund and associated revenues
- ORS 477.750 - 477.777 creation and administration of the fund

5) Reestablishes administrative functions for the Department of Forestry

Fire Budget

OR Department of Forestry

(ODF)

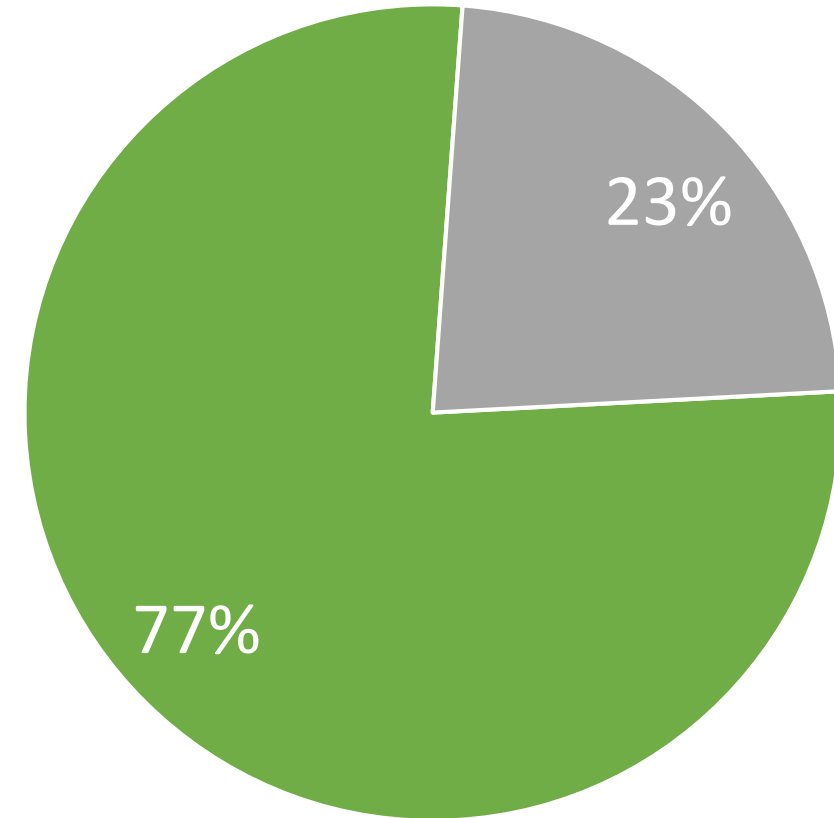
- Protects approximately 16 million out of Oregon's 30 million acres of forestland
- Cost associated with Base Fire Protection is allocated on a per-acre analysis
- Emergency fire costs are covered by:
 - General Fund
 - Other public funding
 - Federal funding
 - Insurance*
 - Private landowners

*Insurance only kicked in during the 2013 and 2014 fire season

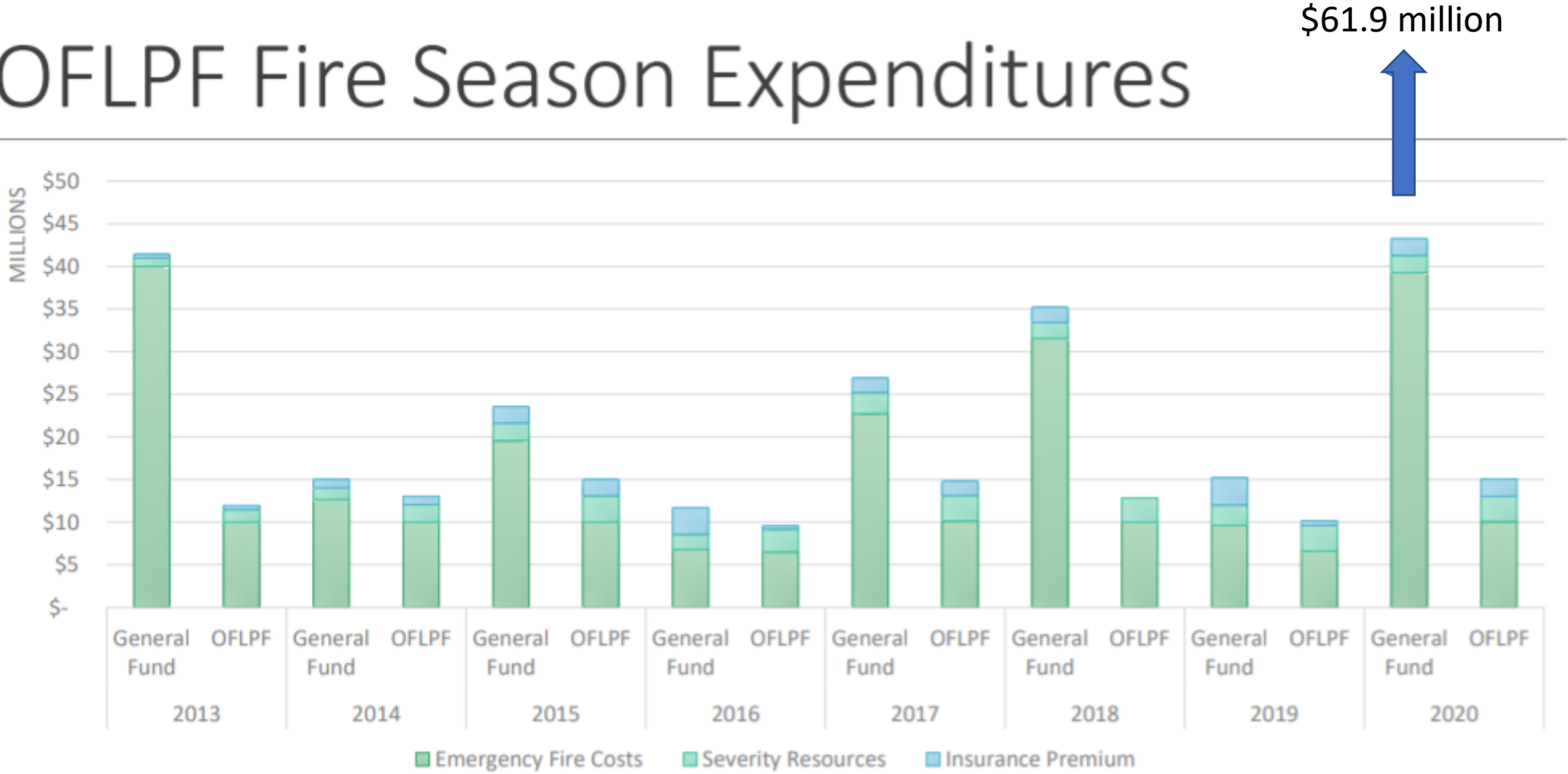
Acres Protected by ODF

*Based on Per-Acre Analysis

■ Private Acres ■ Public Acres



OFLPF Fire Season Expenditures



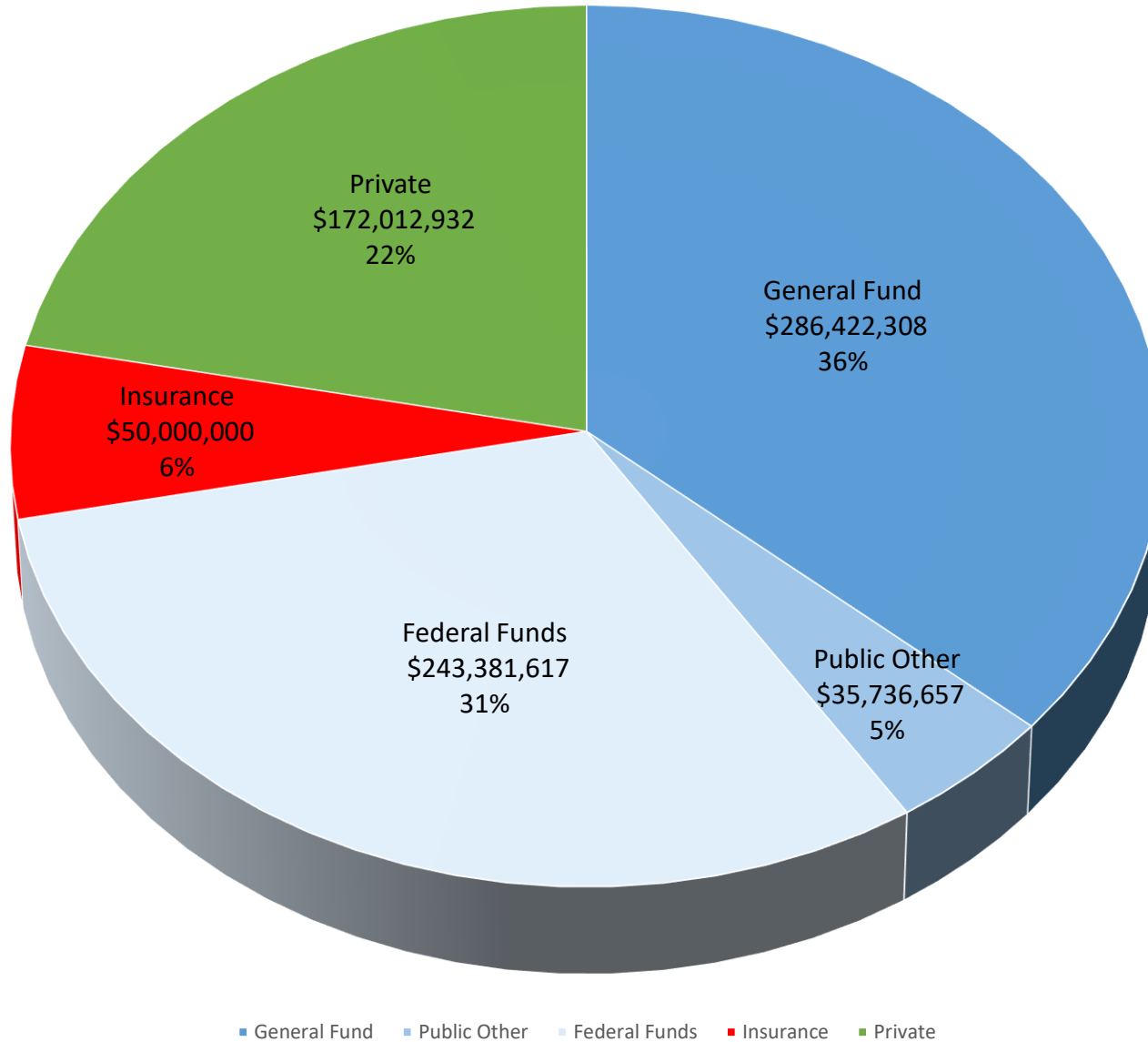
\$61.9 million



OFLPF Expenditures - ORS 477.755(3)

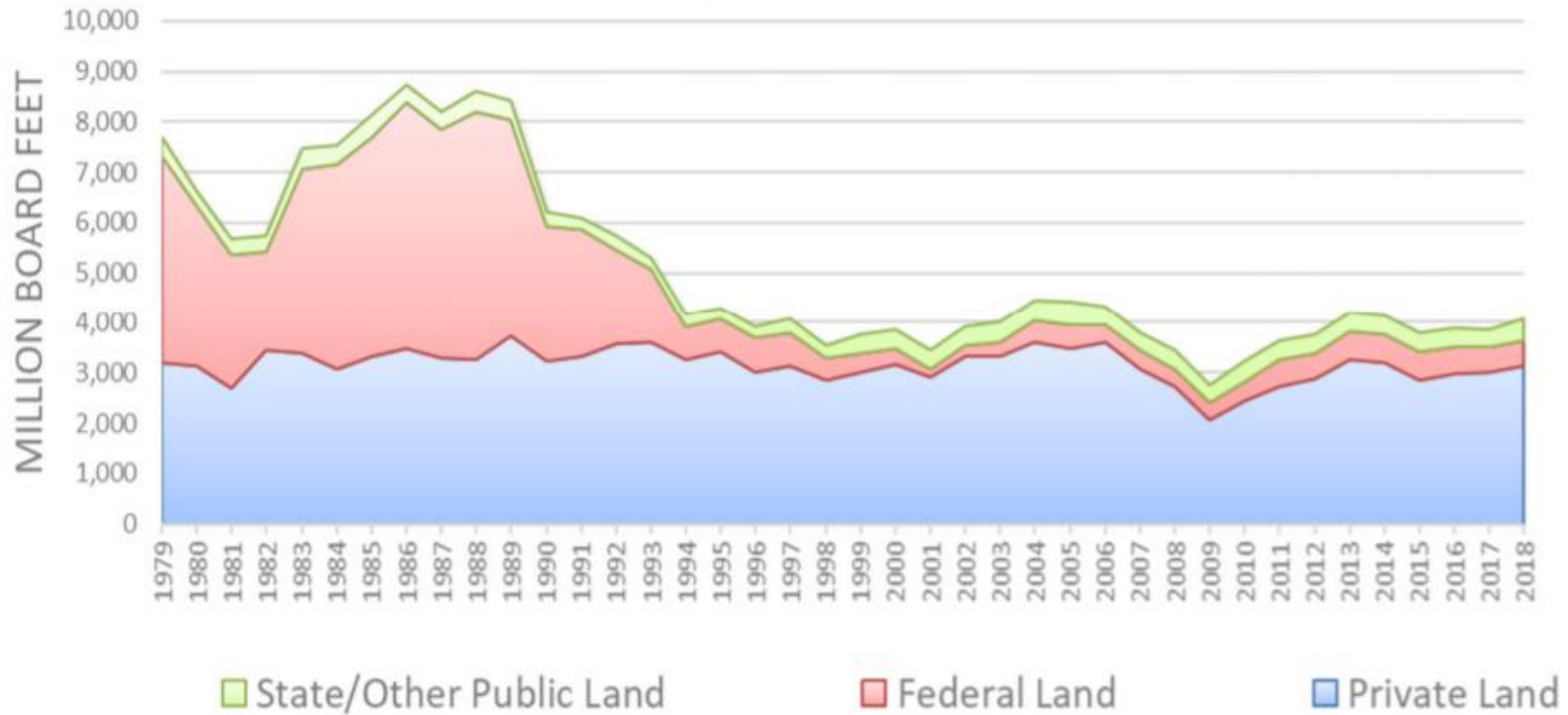
- Annual expenditures from the Oregon Forest Land Protection Fund are limited to the lesser of:
 - \$13.5 Million or the sum of:
 - The lesser of \$10.0 million or 50% of eligible annual fire suppression costs
 - Necessary administrative expenses of the Emergency Fire Cost Committee
 - Contributions to the payment of emergency fire insurance premiums
 - The lesser of \$3.0 million or three-fifths of severity resources costs
 - Non-routine purchases of supplemental fire prevention, detection or suppression resources

Total Fire Funding 2013-2018



Revenue

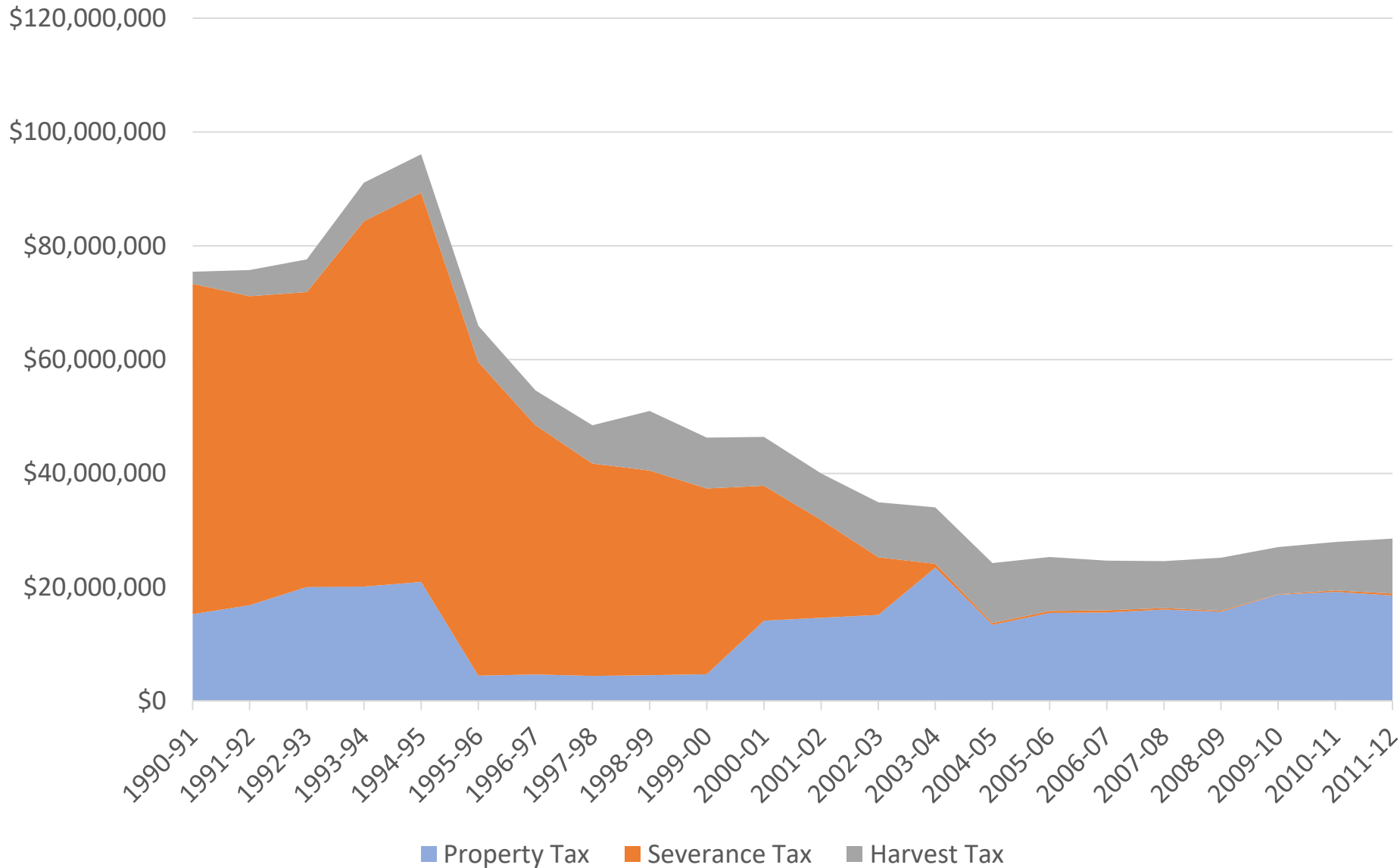
Oregon Timber Harvest



Factors Impacting Timber Harvest levels:

- **1990:** Endangered Species Act
- **1994:** Northwest Forest Plan
- **2007-2009:** Economic recession

Private Timber Tax Revenue 1990-2012



Factors Impacting Timber Tax Revenue:

- **1997:** Passage of Measure 50
- **1999:** HB 3575 phased out of severance tax

Table 1: Historical Privilege Tax Rates Over Time

	Eastern Oregon		Western Oregon	
Period	Regular	Reforestation	Regular	Reforestation
Initial	5.00%	12.50%	6.50%	12.50%
1991-92	4.35%	8.00%	5.85%	8.30%
1992-93	3.90%	7.20%	5.30%	7.50%
1993 2nd	3.50%	6.40%	4.70%	6.60%
1994	3.30%	5.61%	4.40%	5.75%
1995	2.90%	4.78%	3.80%	4.82%
1996-99	1.80%	1.80%	3.20%	3.20%
2000	1.10%	-	1.90%	-
2001	1.10%	-	1.90%	-
2002	0.80%	-	1.40%	-
2003	0.00%	-	0.00%	-

FOREST PRODUCTS HARVEST TAX					
Year	OSU Research	Protection Fund	Forest Practices	OFRI	Other
1990-91	\$0.2100	\$0.300	\$0.1600	-	
1991-92	\$0.3000	\$0.500	\$0.5300	\$0.31	-
1992-93	\$0.3000	\$0.660	\$0.5300	\$0.31	-
1993**	\$0.4000	\$0.660	\$0.7700	\$0.31	-
1994	\$0.4000	\$0.660	\$0.7700	\$0.31	-
1995	\$0.4000	\$0.660	\$0.7700	\$0.31	-
1996	\$0.5000	\$0.500	\$0.6000	\$0.51	-
1997	\$0.5000	\$0.500	\$0.6000	\$0.51	-
1998	\$0.5500	\$0.500	\$0.7000	\$0.51	\$1.75
1999	\$0.5500	\$0.500	\$0.7000	\$0.79	-
2000	\$0.6700	\$0.500	\$1.0800	\$0.79	\$0.15
2001	\$0.6700	-	\$1.0800	\$0.79	\$0.15
2002	\$0.6700	\$0.500	\$0.9100	\$0.79	-
2003	\$0.6700	\$0.500	\$0.9100	\$0.79	-
2004	\$0.6700	\$0.500	\$0.7900	\$0.99	-
2005	\$0.6700	\$0.500	\$0.7900	\$0.89	-
2006	\$0.6700	\$0.500	\$0.5500	\$0.89	-
2007	\$0.6700	\$0.500	\$0.5500	\$0.89	-
2008	\$0.9200	\$0.625	\$1.1456	\$0.89	-
2009	\$0.9200	\$0.625	\$1.1456	\$0.89	-
2010	\$0.9200	\$0.625	\$1.1400	\$0.89	-
2011	\$0.9200	\$0.625	\$1.1400	\$0.89	-
2012	\$0.8739	\$0.625	\$1.2952	\$0.89	-
2013	\$0.8739	\$0.625	\$1.2952	\$0.89	-
2014	\$0.8439	\$0.625	\$0.9727	\$0.89	-
2015	\$0.8439	\$0.625	\$0.9727	\$0.99	\$0.10
2016	\$0.9000	\$0.625	\$1.1037	\$1.00	\$0.10
2017	\$0.9000	\$0.625	\$1.5661	\$1.04	\$0.10
2018	\$0.9000	\$0.625	\$1.5700	\$1.04	\$0.10
2019	\$0.9000	\$0.625	\$1.3720	\$1.04	\$0.10
2020	\$0.9000	\$0.625	\$1.3872	\$1.12	\$0.10

Forest Products Harvest Tax
Per MBF

How Oregon compares to Washington

Similar forests

Similar climate

2017-2018	Oregon	Washington
Taxes Upon Harvest		
Severance	\$ 1,460,616	\$ 38,662,000
Privilege	\$ 13,792,433	
Taxes on Unimproved Forestland		
	\$ 23,256,000	\$ 8,878,984
Acres of Unimproved Private Forestland		
	8,618,948	6,213,349
Annual Harvest		
MBF	4,064,315	2,578,473
Value Pond	\$ 3,090,226,870	\$ 1,459,395,938
Value Stumpage	\$ 2,480,579,620	\$ 1,072,624,988

2018-2019	Oregon	Washington
Taxes Upon Harvest		
Severance	\$ 1,240,368	\$ 47,262,000
Privilege	\$ 16,371,271	
Taxes on Unimproved Forestland		
	\$ 24,571,000	\$ 7,705,942
Acres of Unimproved Private Forestland		
	8,142,701	6,213,349
Annual Harvest		
MBF	3,541,291	2,347,696
Value Pond	\$ 2,244,412,951	\$ 1,348,890,930
Value Stumpage	\$ 1,713,219,346	\$ 996,736,530

Tax dollars per Acre	\$ 4.47	\$ 7.65
Tax dollars per MBF	\$ 9.47	\$ 18.44
Tax dollars per Pond value	\$ 0.012	\$ 0.033
Tax dollars Per Stumpage value	\$ 0.016	\$ 0.044

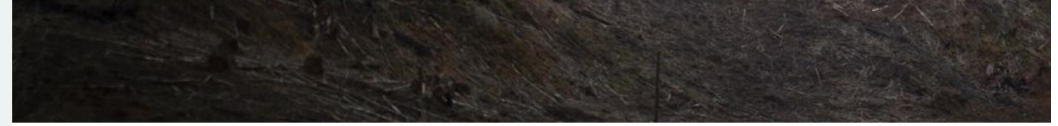
Tax dollars per Acre	\$ 5.18	\$ 8.85
Tax dollars per MBF	\$ 11.91	\$ 23.41
Tax dollars per Pond value	\$ 0.019	\$ 0.041
Tax dollars Per Stumpage value	\$ 0.025	\$ 0.055



THE CUTTING

Timber Tax Cuts Cost Oregon Towns Billions. Then Polluted Water Drove Up the Price.

Rural communities in Oregon paid millions of dollars for clean, safe drinking water because the state didn't protect their watersheds from logging-related contamination.



SCIENCE ENVIRONMENT

Big money bought Oregon's forests. Small timber communities are paying the price.



By **Tony Schick** (OPB) and **Rob Davis/The Oregonian** and **Lylla Younes/ProPublica** (OPB)
Falls City, Ore. June 11, 2020 6 a.m.

Wall Street investment funds took control of Oregon's private forests. Now, wealthy timber corporations reap the benefits of tax cuts that have cost rural counties billions.

“We Have Counties in Deep Trouble”: Oregon Lawmakers Seek to Reverse Timber Tax Cuts That Cost Communities Billions

For decades, corporate timber benefited from tax cuts that devastated local communities. Oregon lawmakers want change and have filed dozens of bills, making this one of the most consequential sessions for forest policy.

by Rob Davis, The Oregonian/OregonLive, and Tony Schick, Oregon Public Broadcasting, Falls City, Ore.

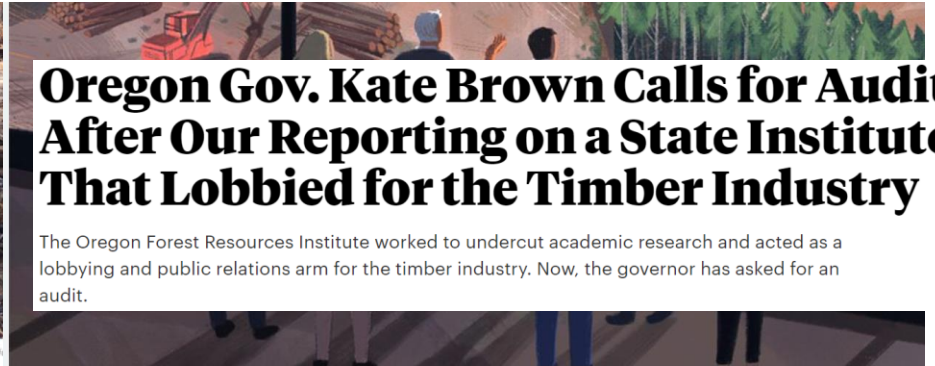


Oregon State University researcher Chris Dunn next to a Douglas fir, which burned in Oregon's September fires and was later cut down by fire crews who considered it a safety hazard. (Jes Burns/OPB)

THE CUTTING

Despite What the Logging Industry Says, Cutting Down Trees Isn't Stopping Catastrophic Wildfires

For decades, Oregon's timber industry has promoted the idea that private, logged lands are less prone to wildfires. The problem? Science doesn't support that.



Oregon Gov. Kate Brown Calls for Audit After Our Reporting on a State Institute That Lobbied for the Timber Industry

The Oregon Forest Resources Institute worked to undercut academic research and acted as a lobbying and public relations arm for the timber industry. Now, the governor has asked for an audit.

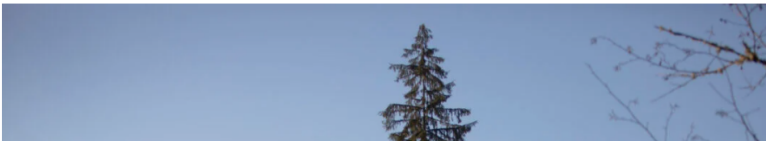
SCIENCE & ENVIRONMENT

How a public institute in Oregon became a de facto lobbying arm of the timber industry



By **Rob Davis** (The Oregonian/OregonLive) and **Tony Schick** (OPB)
Aug. 4, 2020 6 a.m.

Internal emails show a tax-funded agency created to educate people about forestry has acted as a public-relations agency and lobbying arm for Oregon's timber industry, in some cases skirting legal constraints that forbid it from doing so.



How We Analyzed Data From Oregon's Timber Industry

A data investigation by OPB, The Oregonian/OregonLive and ProPublica found that timber tax cuts have cost counties at least \$3 billion in the past three decades. Here's how we did our analysis.

The End