

March 2, 2021

Re: Support for [Severance Taxes on Forest Products](#)

HB 2379 UPDATED (OPB News Quote)

Chair Witt and Members of the House Committee On Agriculture and Natural Resources:

As a concerned Oregonian, I write to urge support for fair severance taxes on forest products. At a moment when local budgets are under strain, we cannot afford to continue tax breaks for large, out-of-state timber corporations that are reaping record profits.

Forestry is an important industry for Oregon and forest companies have found great success in our state. The industry is responsible not only to provide jobs but to contribute their fair share in taxes that support local communities. The largest timber companies have seen record profits over the past year because of construction boosted by the pandemic lockdowns. They can afford to pay their share, and Oregon can't afford to keep extending tax cuts.

I wish to share some information recently reported by Oregon Public Broadcasting about why this is the right time to restore the severance tax ("Oregon's timber industry says it can't afford new taxes, despite record profits." Rob Davis, *Oregon Public Broadcasting*, March 2, 2021):

"Despite the wildfires and the pandemic, lumber producers are 'generating unbelievable margins right now, record margins and profits,' said Brooks Mendell, president of the forest investment consultancy Forisk....

"The stock price for the largest timber company in Oregon, Weyerhaeuser, is sitting at a three-year high. The Seattle-based investment trust — which owns 1.6 million acres in Oregon, three times more than the next-largest landowner — saw 125,000 acres of its timberlands burn during the Labor Day wildfires that scorched more than a million acres across Oregon.... **Despite losing \$80 million to the fires, the company reported net earnings of \$797 million last year, its highest mark since 2016.**"

Weyerhaeuser does not need a tax break from Oregon. It can afford to pay the taxes in current legislation: "**Gross said he did not forecast any significant financial effect on the companies if lawmakers reinstated a severance tax of 5%**, which would be assessed based on the value of trees at the time they're cut down."

Timber companies themselves aren't worried about their profits drying up. Weyerhaeuser's CEO, "Devin Stockfish, called its 2020 performance 'remarkable' and said he was increasingly confident that demand would continue to bolster the housing market, which uses the company's lumber."

"Charles Gross, a Morningstar senior equity analyst who follows Weyerhaeuser, said the company's earnings last year showed 'a huge net increase. It's one of the best years they have on record.'

"Wildfire losses for Weyerhaeuser and other large investment companies 'pales in comparison to how much they gain from high lumber prices,' Gross said. 'This is especially true for Weyerhaeuser,' which not only owns forestland but also owns mills that turn logs into lumber and other products, he said."

Comparing Oregon to Washington, timber companies get forest products that are no less valuable - whether on the ground or in the lumber mill - and yet in Oregon, they escape paying the same tax rates that they would up north. As the [League of Women Voters of Oregon](#) notes, "Oregon harvests 50% more timber in thousand board feet per year than Washington does... [but] Oregon's taxes bring in only \$16 million per year, while Washington brings in \$47 million annually." Here in Oregon, our state and counties pay for schools, police, clean water, and other essential services - just as they do in Washington - and so our counties deserve a fair investment from the forestry companies that do business here.

In the past year, Oregon Public Broadcasting and other media have documented vividly how legislative action in the 1990s gave tax cuts to the timber industry, stripping local counties of funds they needed then and still need today. In these strained economic times, it is essential to take a hard look at the state budget. This is not a year we can afford to extend tax cuts to large, out of state businesses.

My heart goes out to small-scale foresters as well as the counties trying to ensure clean water and public safety for their residents, despite inadequate tax bases. I know there is a way to craft legislation that ensures the largest timber companies are paying their fair share. Restoring severance taxes seems like the right path forward: it's something we can do this year to help make a better future for coming generations.

The challenge we face is finding a tax system that balances the profits of industry with the needs of the people and environment of this state over the long term. Oregon has been generous to the timber industry, and the industry should contribute their fair share to advance the common good. Restoring severance taxes is a good start.

I am not sure if this bill is perfect, but it is a step in the right direction. There are serious concerns relating to the environmental impacts of current logging practices, which I hope to see addressed in other ways. I urge you to support HB 2379 for tax fairness and to keep looking for ways to put our state's timber taxation system into balance.

Thank you for your work for the people of Oregon.

Sincerely,  
Audrey Zunkel-deCoursey