

Oppose. HB 2379 = 800% increase in taxes on harvested timber.

A little info, a severance tax is usually placed on resources that are severed from the land like oil, coal, natural gas, lithium and other minerals that are not renewable. Timber is severed but it is renewable and replanted sustainably.

Please oppose HB 2379 and all other taxes, especially during this pandemic, and while we are still trying to recover after the devastating wildfires.

The severance tax proposed by HB 2379 would be paid by 65,000 private forestland owners in Oregon who collectively just lost almost half a million acres to wildfires.

According to Oregon Business and Industry calculations, the tax would be an 800% increase in taxes on harvested timber, which is completely indefensible. Taxes are permanent. Blips in short run markets are not. Oregonians expect thoughtful policy decisions that respect the stability of the businesses that contribute to our economy, not attempts to tax them out of existence.

Log prices and lumber prices are often disconnected. Because one temporarily goes up does not mean the whole supply chain benefits. More important is long-term stability. Unlike farmers who harvest their crop annually, we invest in cultivating seedlings for 40+ years before we see a return – provided those trees aren't lost to fire, insects, disease, or ice.

Over the last few years, the Oregon Legislature has increased the tax burden on businesses by 41% according to a report for Oregon Business and Industry. An additional 800% increase in taxes on harvested timber could make it economically unfeasible to maintain forestland as it would be layered on top of existing property taxes, income taxes, payroll taxes, the new Corporate Activity Tax, plus assessments for fire suppression.

Our industry and its 60,000+ Oregon employees depend on the health and vitality of both the mills and the forests that supply them. Unfortunately, the Labor Day fires disrupted that balance, and in the coming years our mills will undeniably face a shortage of timber. In addition to wildfire losses, the state is proposing a 70-year management plan (HCP) that makes almost 60% of state-owned forests off-limits to harvest. We anticipate upcoming regulatory changes will further decrease harvest.

Today, timber is correctly taxed as a crop, but forests are more than just crops – they provide many environmental and social benefits. That's why our tax and land use systems work together to prevent incentives to convert forestland to other uses. While trees grow, they provide water filtration, air purification, carbon capture and storage, wildlife habitat, and recreation. When trees are harvested, they create family-wage jobs and the only reliable, renewable source of carbon-neutral building materials.

Our Legislature should help businesses struggling through the pandemic, not increase their taxes. We should focus on restoring hundreds of thousands of acres of burned forests back to healthy, thriving forests that are less likely to burn – not taxing the people.
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