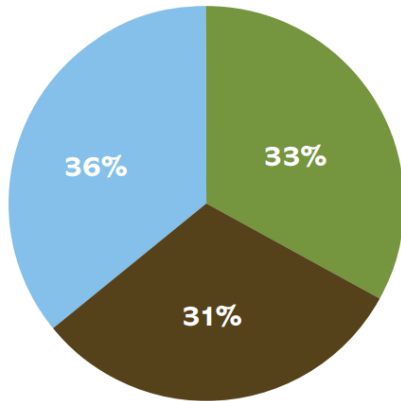


Oregon Forest Taxation



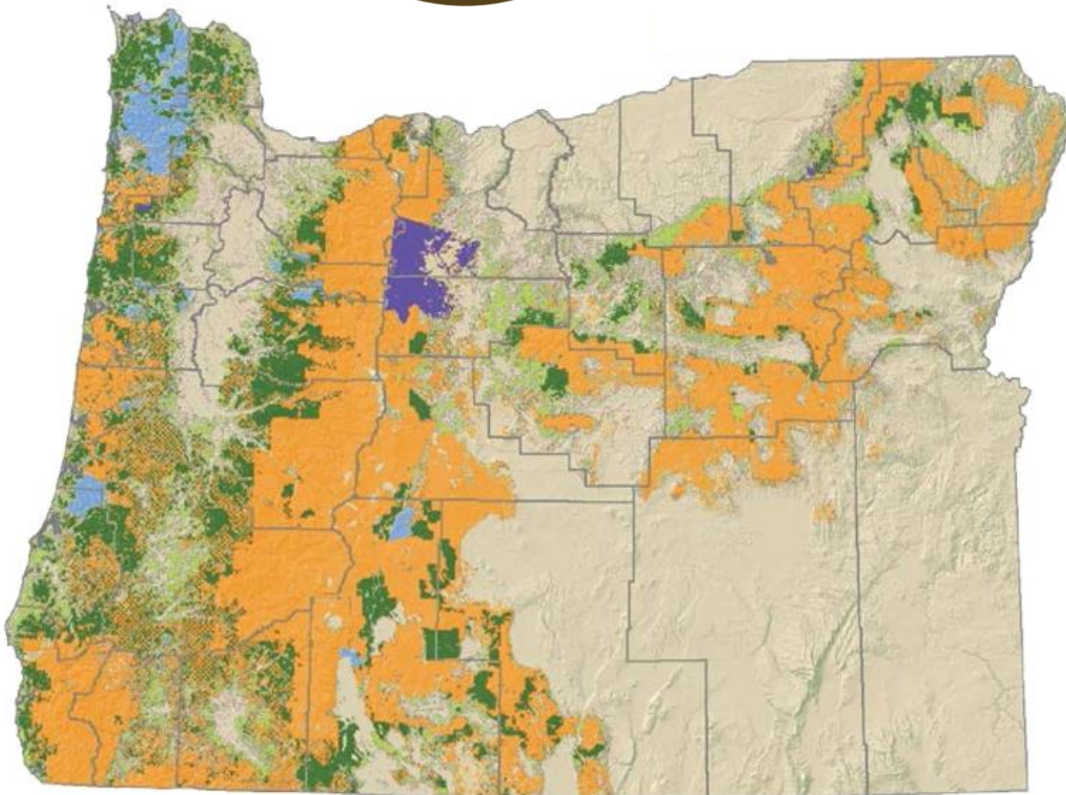
Forestland management classifications



TIMBER PRODUCTION

MULTI-RESOURCE

RESERVE



FORESTLAND ACREAGE BY OWNER (2016)

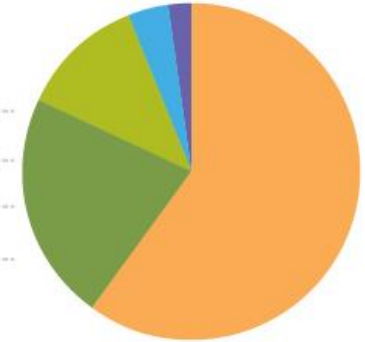
60%

22%

12%

4%

2%



TIMBER HARVEST BY OWNER (2017)

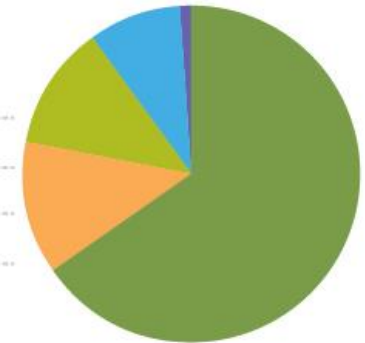
66%

13%

12%

9%

<1%



FEDERAL GOVERNMENT

LARGE PRIVATE

SMALL PRIVATE

STATE AND OTHER PUBLIC

TRIBAL



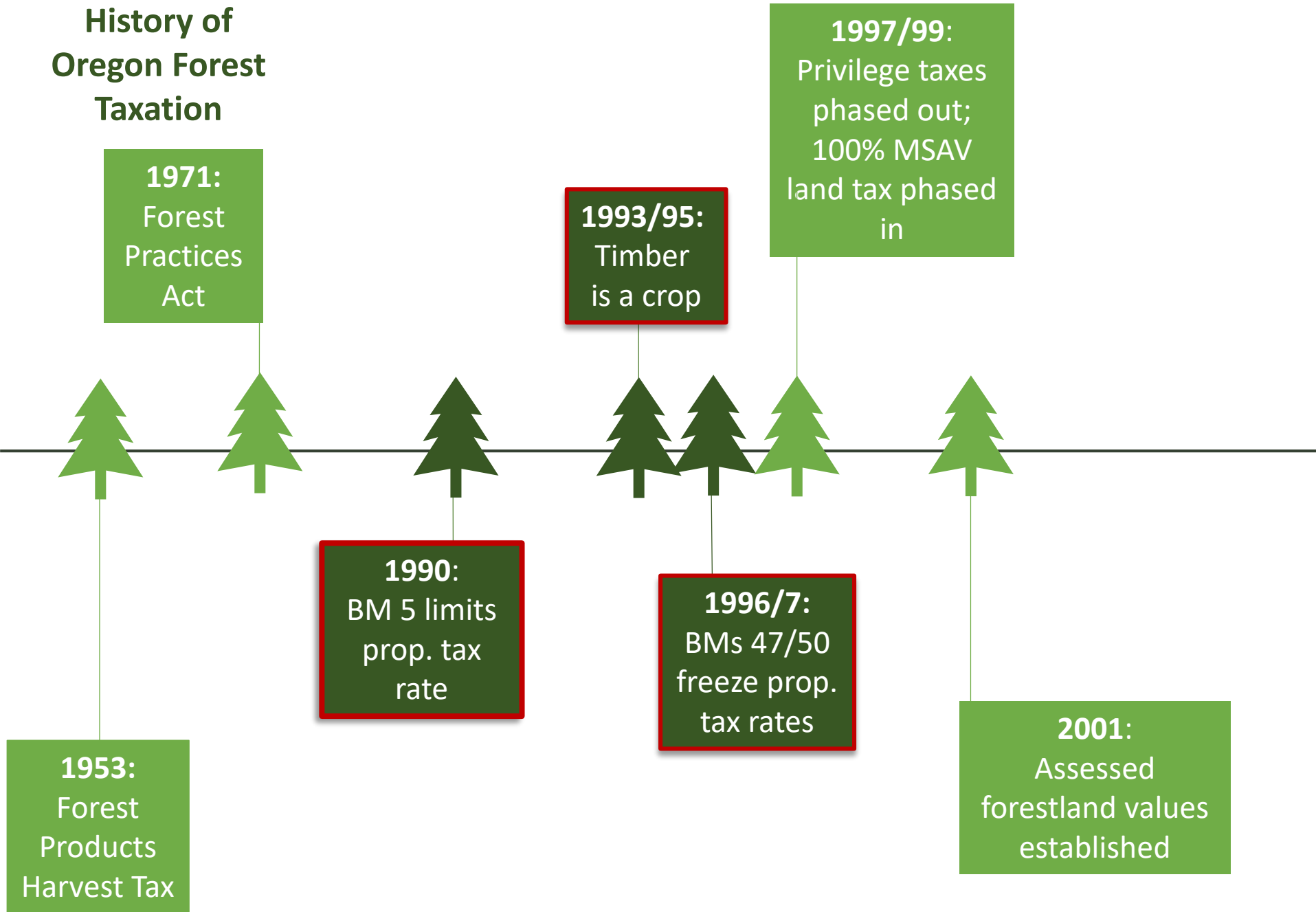
**Oregon is the
nation's #1
producer of
softwood lumber
and plywood**

Source: Oregon Forest Resources Institute

Oregon Forestland Program

- 1.) Measures 5 and 47/50 apply to all real property in the state regardless of land use category
- 2.) Severance taxes are for extraction of non-renewable resources
- 3.) Private timber is a crop
- 4.) The tax code should not encourage the conversion and development of working lands

History of Oregon Forest Taxation



1971:
Forest Practices Act

1993/95:
Timber is a crop

1997/99:
Privilege taxes phased out;
100% MSAV land tax phased in

1990:
BM 5 limits prop. tax rate

1996/7:
BMs 47/50 freeze prop. tax rates

1953:
Forest Products Harvest Tax

2001:
Assessed forestland values established



Trees are renewable

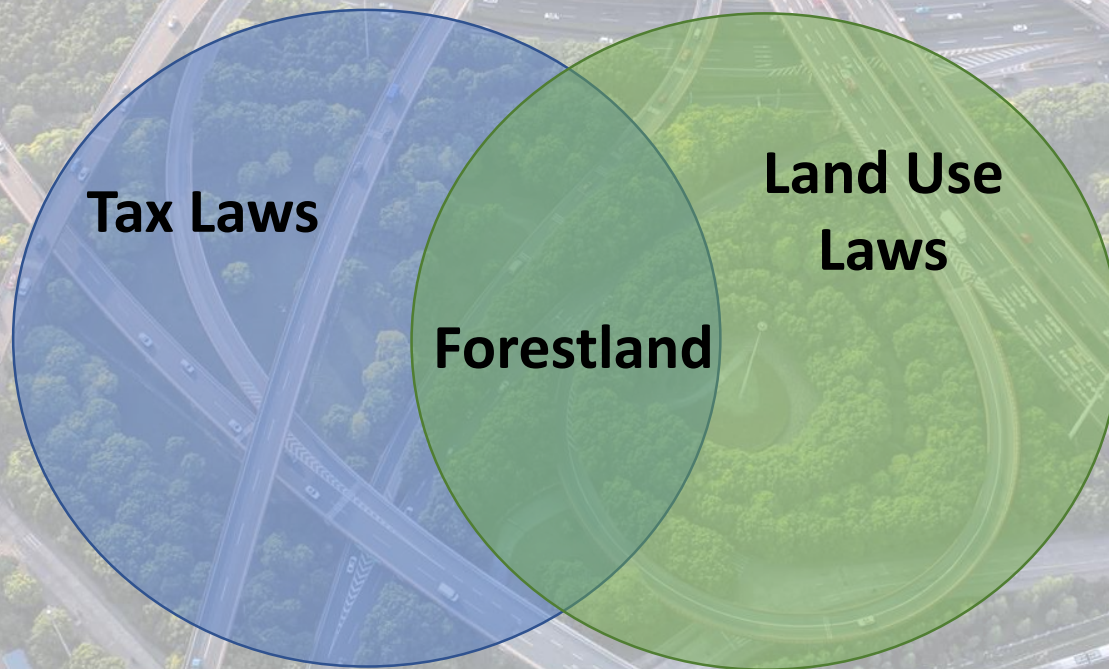
Timber Is a Crop...

And More Than a Crop!



Goal 4: Forestlands

“Protects working forest land around the state, preserving it for commercial forestry while recognizing its value for fish and wildlife habitat, recreation, and protection of air and water quality.”



Changes in Forestland Area

State	2012 Area	% 1907 Area	1907 Area	1630 Area	% 1630 Area
Oregon	29,787	94%	31,729	30,590	97%
Washington	22,435	84%	26,834	25,670	87%
California	32,057	86%	37,404	51,970	62%
United States	766,234	103%	740,870	1,022,535	75%

Forestland area in thousands of acres – USDA Forest Service. 2014. *Forest Resources of the United States, 2012.*

How is the timber industry taxed?

FY 2019

\$58.3 M ✓ Property taxes

\$34.6 M ✓ Income taxes

\$1.2 M ✓ Small Tract Forestland

\$2.6 M ✓ Corp. Income/Excise

\$28.9 M ✓ Fire Assessments

\$16.4 M ✓ Privilege tax

\$142.1 M

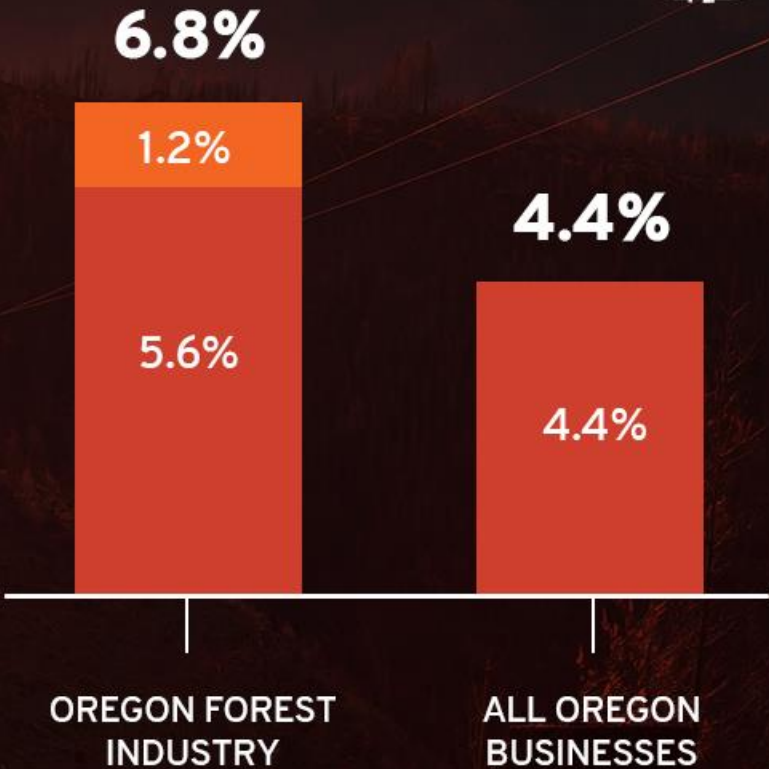
Forest landowners are taxed like all other landowners in Oregon.


Timber is taxed like other crops in Oregon – and then some.



OREGON'S FOREST PRODUCTS COMPANIES ALREADY SHOULDERS A HIGHER TAX RATE THAN OTHER BUSINESSES IN OUR STATE.

State taxes plus local property taxes divided by industry gross value added



 CURRENTLY ENACTED TAXES

 FIRE ASSESSMENTS

Source: Ernst & Young Study

A photograph of a forest fire. Bright orange and yellow flames are visible, rising from the ground and burning the lower parts of several tree trunks. The background is a dense forest of tall, thin trees, with some smoke or mist visible. The overall scene is dark and dramatic, with the fire providing the primary light source.

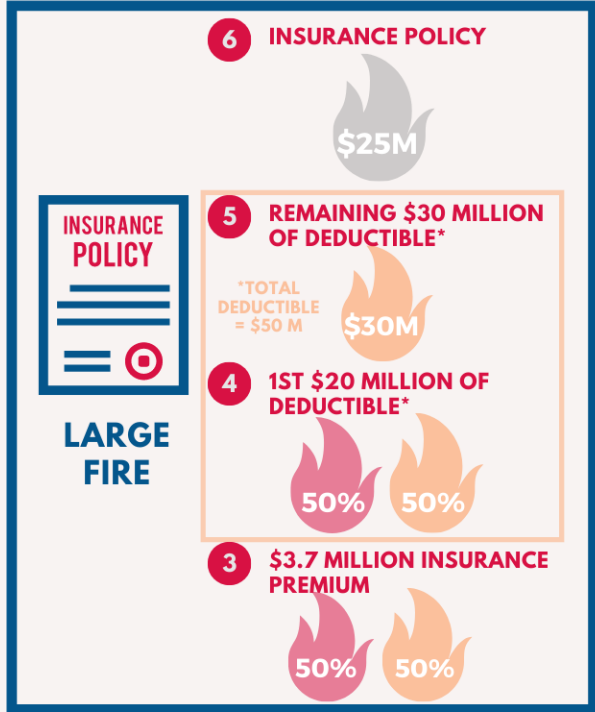
**What about fire
funding?**

OREGON FIRE FUNDING



Private Funds

State Funds



OREGON FORESTLAND PROTECTION FUND:

Funded through:

- 1 \$0.625 OF FOREST PRODUCTS HARVEST TAX
- 2 PER ACRE ASSESSMENTS
- 3 MINIMUM LOT ASSESSMENTS
- 4 IMPROVED LOT SURCHARGES
- 5 INTEREST INCOME

THE FOREST PRODUCTS HARVEST TAX IS ONLY

ONE OF SIX WAYS

PRIVATE LANDOWNERS FUND FIRE

ANNUALLY, PRIVATE LANDOWNERS PAY

~\$30 MILLION FOR FIRE

ONLY \$2.25 MILLION COMES FROM THE FPHT

2 SEVERITY RESOURCES



\$3M \$2M*

*PLUS \$1M FOR EAST SIDE RATE REBATES

1 BASE FIRE PROTECTION



PUTS OUT 96% OF FIRES AT 10 ACRES OR LESS

50%* 50%*

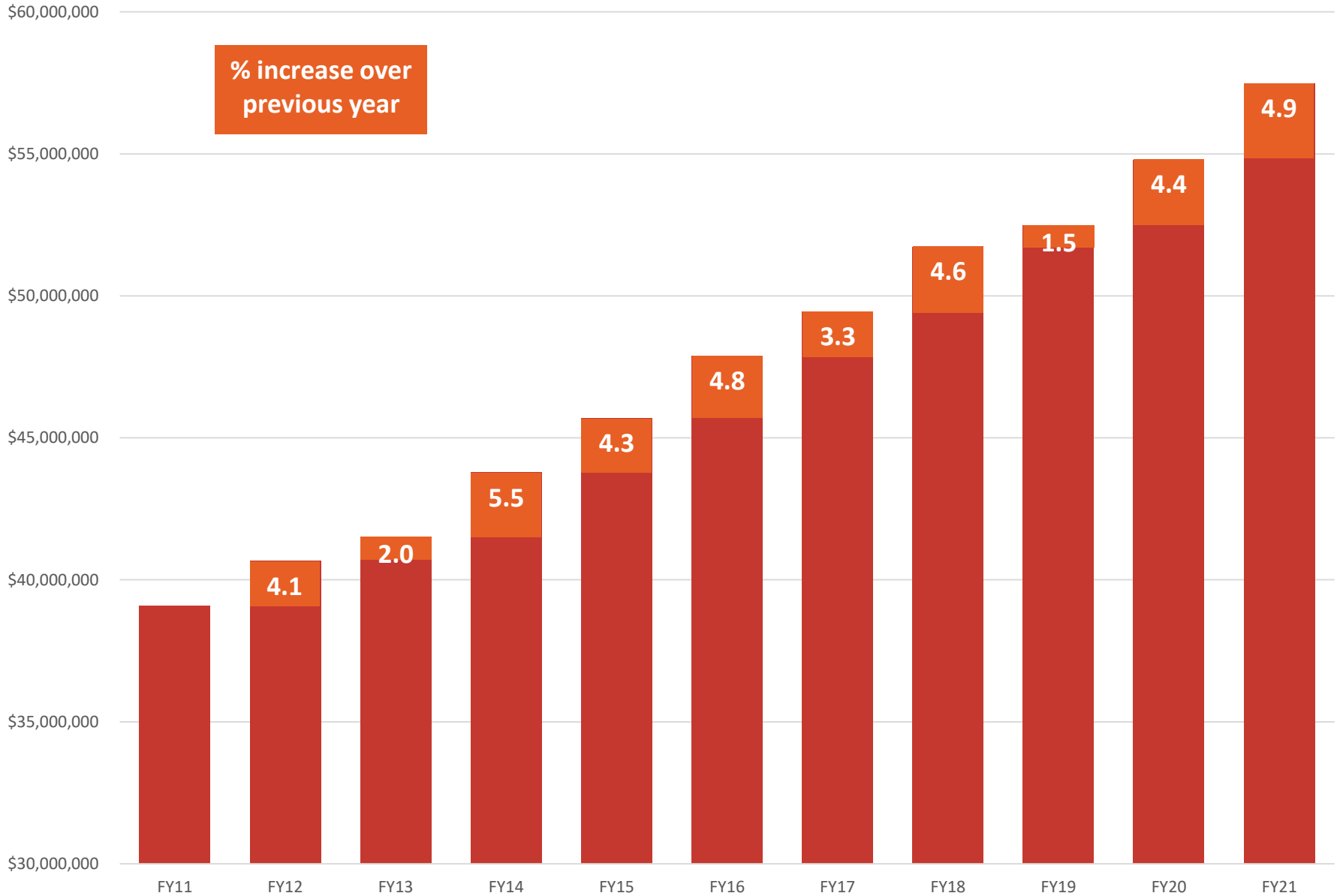
*FOR PROTECTION ON PRIVATE LANDS

6 ADDITIONAL PER ACRE ASSESSMENT



Landowner contributions to fire are NOT stagnant

ODF annual budget for base fire protection





Private landowners in Oregon pay more for fire than any other state –

>2x more than WA.

FY 2019	WA	Per acre	OR	Per acre
Fire Assessments	\$10.3 M	\$1.32	\$28.9 M	\$2.83

Other western states don't pay nearly as much.

- CA, AK, ID, MT, NM: all large fire costs paid by the general fund
- CA and NM: all fire funded 100 percent by the general fund.

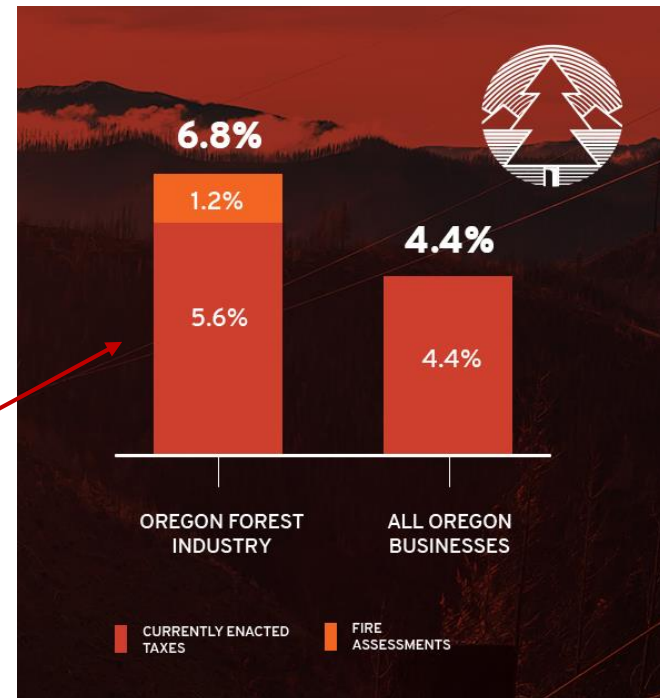
What would HB 2379 do?

DOUBLE the total taxes currently paid by the forest sector.

5% severance tax =
~\$140 million in harvest
tax revenue

	<u>FY 2019</u>
✓ <u>Property taxes</u>	<u>\$58.3 M</u>
✓ <u>Income taxes</u>	<u>\$34.6 M</u>
✓ <u>Small Tract Forestland</u>	<u>\$1.2 M</u>
✓ <u>Corp. Income/Excise</u>	<u>\$2.6 M</u>
✓ <u>Fire Assessments</u>	<u>\$28.9 M</u>
✓ <u>Privilege tax</u>	<u>\$16.4 M</u>
	\$142.1 M

The forest sector's effective aggregate tax rate would be over 12%



Questions?

