



## HB 2070: Setting Harvest Tax Rates

Testimony for the House Revenue Committee – Jody Wiser – 4.7.2021

My name is Jody Wiser, and I am please to be here today as a volunteer for Tax Fairness Oregon, a network of volunteers who support a rational and equitable tax code.

Every two years, legislators consider and vote on the tax rates for the Harvest Tax. Why you attend to these rates every biennium, when you do not reset our personal or corporate income tax rates every biennium is a mystery. We believe that you should set the rates, have DOR index them for inflation each year, and review them every six years as we do tax credits and the Provider Tax. This chart shows the rates since 2010<sup>1</sup> and our proposal.

Year	OSU Research	Protection Fund	Forest Practices Act	OFRI	OSU Education
2010	\$0.9200	\$0.625	\$1.1400	\$0.89	-
2012	\$0.8739	\$0.625	\$1.2952	\$0.89	-
2014	\$0.8439	\$0.625	\$0.9727	\$0.89	
2016	\$0.9000	\$0.625	\$1.1037	\$1.00	\$0.10
2018	\$0.9000	\$0.625	\$1.5700	\$1.04	\$0.10
2020	\$0.9000	\$0.625	\$1.3872	\$1.12	\$0.10
<b>TFO Proposal</b>	<b>\$0.9300</b>	<b>\$0.650</b>	<b>\$1.4300</b>	<b>\$1.15</b>	<b>\$0.10</b>

Because of the current artificial caps on the Forest Land Protection Fund balance for fire fighting and the Forest Practices Act (ODF), those rates are always constricted and require a trip to Ways & Means to assure that the Harvest Tax doesn't collect too much. That is nonsense. We believe you should remove the caps because they have no particular logic and only complicate processes.

Obviously, the costs of delivering services have gone up, as has the value of timber (with some downturns) over the same period as seen in this data taken from LRO's February 18<sup>th</sup>, 2021 presentation for House Agriculture and Natural Resources:

Price /thousand board feet		
Year	Avg East Or	Avg West Or
2010	\$ 310.94	\$ 443.81
2011	\$ 353.44	\$ 512.99
2012	\$ 351.88	\$ 529.13
2013	\$ 401.88	\$ 623.45
2014	\$ 429.38	\$ 657.04
2015	\$ 419.69	\$ 591.53
2016	\$ 425.94	\$ 631.58
2017	\$ 488.47	\$ 730.67
2018	\$ 495.88	\$ 787.91
2019	\$ 414.25	\$ 656.38



It seems logical that the revenue from this tax should increase at least with inflation. Thus, our suggestion: **set the rates for the coming biennium as adjusted by the usual CPI used by the State of Oregon since 2019 when the rates were last set. (Note, this may deliver numbers somewhat different than the [on line inflation adjustor](#) we used in our proposal in the first graph.)**

We recommend:

- Remove the provisions requiring the Legislature to reset these rates every two years.
- Have DOR increase the rates by inflation since 2019 and annually going forward.
- Remove the caps on the collection and spending of the Forest Land Protection Fund.
- Remove the cap that says the Harvest Tax will provide no more than 40% of the funding for the Forest Practices Act.
- Create a sunset for the Harvest Tax for January 1, 2028.

These changes will remove from your agendas setting the rates for a tax that collects only about \$15 million a year and will allow legislators to focus on more important work.

<sup>1</sup>*LRO Research Report #1-20* is the source for our chart on Forest Practice Harvest Tax rates. It has a longer historic view.

Since 1991, when the severance tax started phasing out:

OSU research funding has tripled,

The Forest Land Protection Fund (fire fund) is up only 25%,

ODF's Forest Practices Act funding is up two and a half times, and

OFRI funding is almost three and a half times.

While there have been other items funded and stopped over the years, these have persisted.

***We read the bills and follow the money***