



Submitted by: Roger Beyer, Lobbyist, OSWA

Chair Nathanson, Members of the Committee,

OSWA eastern Oregon members strongly oppose taxing the value of harvested timber instead of the volume. Volume tax is a fair way to tax because it applies the same standard to any landowner harvesting timber. If we log 1000 board feet, we pay tax on 1000 board feet. Logging and hauling costs are not included and not taxed. HB 2379 repeals the volume tax and institutes a tax on the value of the logs as paid by the mill when they are delivered.

The value-based tax in this bill is in fact a gross receipts tax and the timber owners will be paying tax on both hauling and logging costs. This not only raises taxes in general, but imposes them inequitably, since logging and trucking costs vary depending on many factors. One factor we have no control of as landowners is the distance to a mill. In Eastern Oregon, the costs are typically much higher than in Western Oregon due to the lack of both loggers and the longer distance to markets. Landowners in Western Oregon normally have multiple options to sell logs while those of us in Eastern Oregon are fortunate to have a single mill that is interested in our product, and that single option many times will be 100 miles or more away.

The value-based severance tax is also a dis-incentive to proper forest management, especially in Eastern Oregon where trees grow much slower and we have more difficult terrain. To responsibly manage our forests, they need to be thinned periodically and thinning means more expensive logging of smaller trees. If forced to pay a tax based on value of gross revenue, there will be no incentive to thinning forests to try and produce healthier forests that protect water quality and sequester more carbon.

When you couple this with the higher fire prevention taxes eastern Oregon landowners face, which are also made worse by this bill, it could drive more landowners to convert from forest land to grazing land to help ease the financial burden caused by the increase taxes.

The bill and -6 amendments have a disproportional effect on Eastern Oregon forest landowners therefore OSWA Eastern Oregon members are opposed to moving it forward. Thank you.