

In Re: Oppose HB 2379

I am writing to ask that you oppose HB 2379 and its amendments.

This bill imposes a severance tax on timber harvested, eliminates OFRI, eliminates emergency fire cost committee, and makes forest land owners responsible for all cost of fire suppression.

My family is a private landowner of Oregon timberlands, with property in Clatsop County, Douglas County, and Klamath County. These lands total approx. 170 acres combined.

Private timberland owners like my family represent a significant portion of timberlands in Oregon. These private timber operations typically provide wages at over 130% of the average wages in the counties where they operate, and are a critical component of continuing the healthy management of Oregon's timber resources.

In my own situation, while I am actually only a small, single family-owned operation of relatively small acreage, I am considered an industrial landowner under Oregon taxation. Imposing additional tax on my operations will disproportionately alter my family's view of the proposition for ownership of Oregon timberlands, and increase the probability of a change of ownership to, for example, one of the nearby large REIT operators at some point in the future, rather than continuation of single-family ownership. I should point out that because of various leakage points in the tax codes, REITs may avoid certain state taxes, increasing an already outsized scale-economy burden borne by smaller private industrial landowners.

A 5% severance tax, such as is under consideration, would be more than a 600% increase over the current tax, at today's log prices. Further, elimination of the EFCC will lead to increased fire suppression costs.

Since my acreage tends to be in more challenging locations, my operations will also be disproportionately affected, as a tax based on value has a disproportionate net effect on those who have higher logging or hauling costs. And, a value-based tax is a disincentive to grow timber longer because as the value increases, I am penalized for it.

I would also like to point you to a recent study titled: The Big Picture - Oregon Forestry: Understanding the tax contributions of Oregon's Forest Sector. This robust analysis by Ernst & Young concludes that Oregon's Forest Industry already pays the highest share of Oregon's industries' tax (as a percentage of GDP value-added), a situation which would only be exacerbated by HB 2379:

Please terminate the harmful legislation contained in HB 2379.

Sincerely,

John Wood, Manager/Owner
Renewable Communities, LLC