



*The League of Women Voters of Oregon is a 101-year-old grassroots nonpartisan political organization that encourages informed and active participation in government. We envision informed Oregonians participating in a fully accessible, responsive, and transparent government to achieve the common good. LWVOR Legislative Action is based on advocacy positions formed through studies and member consensus. The League never supports or opposes any candidate or political party.*

June 3, 2021

To: [Rep. Nathanson](#), House Revenue, Chair  
[Members of the House Revenue Committee](#)

Email: <https://olis.oregonlegislature.gov/liz/2021R1/Testimony/HREV>

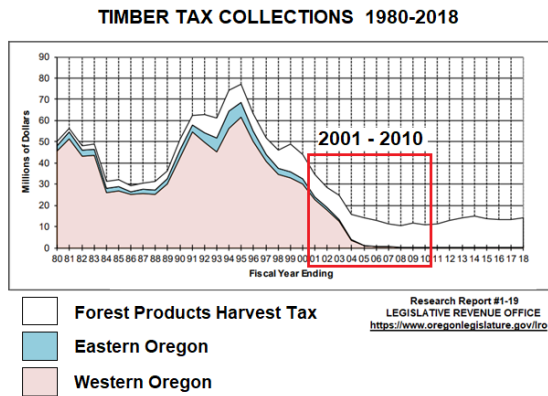
Re: [HB 2070](#) -2 and -1 Forest Products Harvest Tax - **Support**

The League of Women Voters of has already supplied testimony in support of the amendments to HB 2070, but I wanted to set the record straight on two comments that Rep. Reschke made after the public hearing closed. I would like to rebut two of his arguments.

First, he stated that those who pay the severance tax, including small woodland owners as a group, oppose these simple modifications to the tax and that only those who were not timber owners and who would not be paying the Harvest Tax support the tax. I am a small woodland owner with 80 acres, and many other small woodland owners I know are in favor of these amendments and are happy to pay this extremely modest tax at harvest. We also pay very low property taxes and our contribution to the local fire district is also very low and has not increased in years, despite the increasing fire hazard. We were forced to evacuate for a fire that started on Stimson Lumber land (private). The local fire district and Oregon Forestland Protection Fund paid for many days of fire-fighting near our home, so I know for a fact that our taxes are well spent. Those who say these fires do not start on private lands and therefore shouldn't have to pay their share or any increase for fire suppression are not presenting all the facts. Insurance does not apply just to those who think they haven't seen fire on their own land. Insurance must always be broadly shared to be affordable, and large and small woodland owners especially need fire protection and should pay their fair share! I am not the only small forestland owner who feels this way. The Oregon Small Woodland Association does NOT represent my or many other small timber owners' views on taxation. We quit the association because we do not approve of their opposition to even the most modest of tax increases. Their organization is not transparent and its members have no say in what Mr. Beyers lobbies for or against.

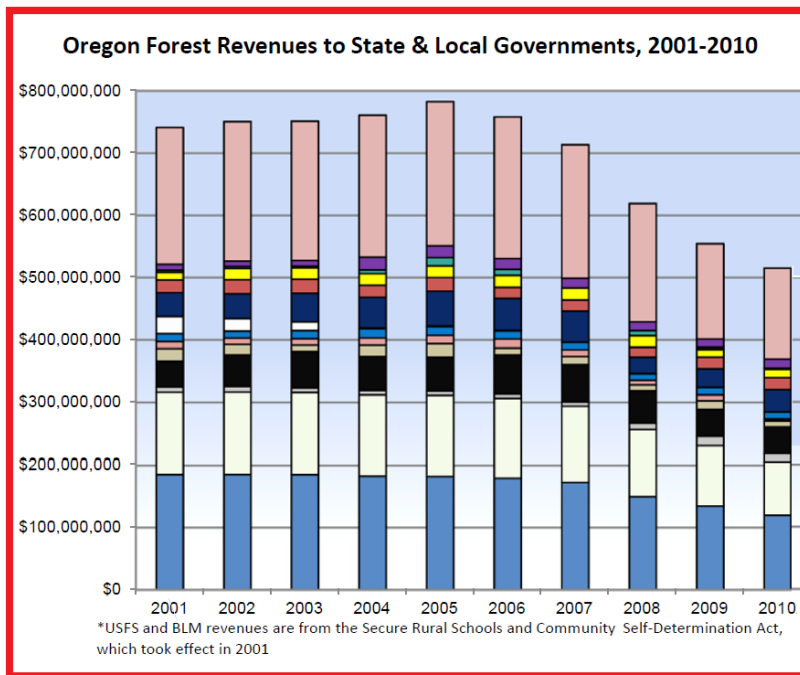
Second, Rep. Reschke made a statement that comparing Oregon to Washington is comparing apples to oranges. If you examine the timber tax materials presented Jaimie McGovern, you see that much effort was made by DOR to evaluate the taxes so they would be comparable. Yes, we have corporate excises (income tax) where they do not. Instead, they have a high sales tax and B&O taxes on timber products and their 5% timber tax rate based on timber value, and the revenue goes 80% to counties and 20% to the general fund, so their fire costs are paid by those entities.

If you want to know what the total of all taxes paid by the private timber industry is, please look at these charts produced by our own DOR/LRO (unfortunately they have not been updated). Please note that the first 8 bars in each column add up all forms of taxes paid by private timber owners These stacked bar graphs have all decreased over time!



**TAX REVENUE FROM PRIVATE FORESTS**

- Personal Income Tax
- Weight-Mile Tax Revenue
- Corporate Income and Excise Taxes
- Forest/Fire Protection Services Payments
- Forestland Property Tax
- Industrial Property Tax
- Privilege/ Severance Tax Receipts
- Forest Products Harvest Tax
- County Forest Land
- Common School Fund (CSF)
- Board of Forestry (BOF)
- Payments in Lieu of Taxes (PILT)
- Bureau of Land Management (BLM)\*
- USDA Forest Service (USFS)\*



As for the new corporate activities tax, it only applies to Oregon timber companies with over \$1 million in sales in Oregon. Not many commercial timber owners qualify. TIMOs and REITs pay nothing to Oregon, as do other forms of business incorporation!

Here is DOR’s 2017 rounded dollar tax comparison:

**2017 Timber Taxes per Thousand Board Feet**

OREGON	WASHINGTON
\$4	\$17

**Revenue from Timber Taxes**

OREGON	WASHINGTON
\$14.5 million	\$44.9 million

The Ernst & Young graphs have mixed data types and sources (when defined), combines federal and state data, and uses carefully selected timeframes that present a skewed picture. The difference between 6.8% and 6.2% on a very small amount of corporate income and excise taxes paid (see the graph, the third one down is almost invisible!) is not a sizeable difference! I trust LRO's data collected consistently over a long period of time.

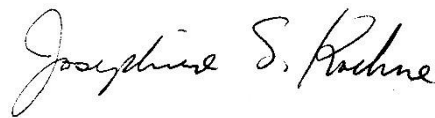
The timber industry likes to see rates set biennially based on budgets and projections of board feet harvested. How is that transparent and predictable? The reason they like the status quo is that they like to maintain control over the rate-setting process with strong lobbying efforts.

The amendments to this bill make the rate-setting process simple and transparent, by streamlining the harvest tax with sensible modifications that will be far easier and less costly to administer and supports our LWVOR positions on tax policy.

Thank you for the opportunity to discuss this legislation.



Rebecca Gladstone  
LWVOR President



Josie Koehne  
LWVOR Revenue Coordinator

Cc: [Rep.PaulHolvey@legislature.gov](mailto:Rep.PaulHolvey@legislature.gov)