

February 22, 2021

To: Representative Brad Witt, Chair, and members of the House Committee on Agriculture and Natural Resources

From: Hans Radtke, Yachats

Statement on forest taxation and in support of imposing a general timber severance tax

My name is Hans Radtke. I have lived near the coast south of Yachats for over 40 years. I am an economist who has worked on natural resource issues for 50 years.

Two projects among others that I have worked on relate to my background knowledge of the Oregon timber industry, and thus relate to the Bills being considered today.

1. I provided economic information on coastal resources for the Northwest Summit Interagency Team (NW Forest Plan) in 1993-94.
2. I worked with Oregon Department of Forestry state economist Gary Lettman on the "Elliot State Forest Plan Alternatives: An Economic Overview" in 1993.

My testimony today addresses the loss of tax revenues to the state and counties due to the change in the way Oregon taxes the timber industry.

In 1999, I was a member of a gubernatorial task force on timber taxes that looked at possible changes in state timber tax policies to align these policies with changes that had been made as a result of general property tax Measures approved by voters. The task force, heavily representing the timber industry, supported legislative changes that would abolish the severance tax on most tracts of timber. Instead it would substitute a property tax on timber lands based on productivity estimates. At that time I objected because it would reduce tax revenues going to communities and the state.

An Oregonian article (June 17, 2020) states "If Oregon had not phased out its severance tax, timber production in 2018 would have generated an estimated \$130 million." My own calculations agree with that estimate.

The property tax on timberland does not replace these lost revenues. According to information provided by the Legislative Revenue Office, current property taxes from timber lands are about \$20 to \$30 million per year. This means that Oregon is losing about \$100 million per year in tax revenues as a result of abolishing the severance tax on most timber lands.

I urge the legislature to impose a 5 to 6 percent severance tax on all harvested timber in Oregon.