



Oregon

Kate Brown, Governor

Department of Forestry
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February 25, 2021

Honorable Brad Witt, Chair
House Committee on Agriculture and Natural Resources
Oregon State Capitol
900 Court Street
Salem, OR 97301

RE: House Bill 2070

Dear Chair Witt and members of the Committee:

The Department of Forestry appreciates the opportunity to provide testimony in support of House Bill 2070.

HB 2070 amends ORS 321.015 to establish the Forest Products Harvest Tax rates for calendar years 2022 and 2023 in support of the Oregon State University (OSU) Forest Research Laboratory, OSU professional forestry education, and the Oregon Department of Forestry's administration of the Oregon Forest Practices Act. HB 2070 maintains the concept of shared responsibility for Forest Practices Act program delivery between the general public and forestland owners.

The new harvest tax rates for the next two years are calculated based on the ending balance for this biennium and projected budgetary needs and harvest levels for next biennium. Due to the direct link between the department's next biennial budget and harvest tax rates, the rates must remain fluid until the department's budget bill is at or near completion. Therefore, the department recommends concurrent consideration of HB 2070, minus the updated rates, and Senate Bill 5518 by the Joint Committee on Ways and Means during the final legislative budget process, after which the next biennium's harvest tax rates would be inserted into HB 2070.

Tax rates established by HB 2070 are assessed per thousand board-feet harvested basis. The Oregon Department of Revenue collects the harvest tax and transfers the receipts to the Department of Forestry on a quarterly basis. As shown in Attachment 1, Oregon timber harvest levels declined during the 1990s, largely a function of a policy change related to the management of federal lands. In response, the harvest tax rate increased as the department's budget needs were spread across lower harvest volumes (Attachment 2). Since 1999, the harvest level has generally remained stable between 3.5 and 4 billion board feet per year, and tax rates have remained stable as well.

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Timber harvest in Oregon trended toward 4 billion board feet for 2016 through 2018. We saw a decrease in 2019 and will likely see the same for 2020. Due to the COVID-19 pandemic and recessionary pressures facing Oregon, forecasting is more difficult than usual; however, based on broad feedback and 2020 harvest tax turnovers, we expect that harvest levels will be in the 3.5 billion board-foot range.

If you have follow-up questions, please feel free to contact me.

Sincerely,



Peter Daugherty
State Forester
Oregon Department of Forestry
(503) 945- 7211

Attachments (2)

c: Jason Miner, Governor's Natural Resources Policy Advisor
Peter Daugherty, State Forester, ODF
Matt Stayner, Legislative Analyst, LFO
Renee Klein, DAS CFO Analyst, BAM
Jaime McGovern, Economist, LRO

Attachment 1



