

25 February 2021

To Committee Chair Witt, Vice Chair Breese-Iverson, Vice Chair Hudson and members of the House Agriculture and Natural Resources Committee:

I share this letter as an expansion of my spoken testimony later today, in opposition to proposed House Bills 2379, 2389 and 2430.

My wife and I are new woodland owners. After years of retirement saving and dreaming, in 2019 we were able to purchase a small forest property in Vida. Resources from OFRI and classes from the Extension broadened our retirement plan to include nurturing our forest's health and resilience, improving wildlife habitat, sequestering and storing carbon, and contributing to a healthy McKenzie River watershed. Then, only a year and a half later, the Holiday Farm Fire roared down the McKenzie corridor and up the Gate Creek drainage and ravaged our trees, upending not only our future plans for our forest, but our future itself.

Our beautiful multi-aged forest is gone. Our hope that a future small-scale harvest might pay for medical needs in our waning years is gone. The future we'd dreamed of, and planned and saved for is unrecognizable. Every day is an assault on our hearts, as we walk through our burned woods, mourning the loss of each tree. And yet we cannot simply grieve. If we don't want to spend the rest of our lives looking at dead trees, we must replant.

So, instead of nurturing an already healthy multi-aged forest—what all our classes had prepared us for—we are now faced with the multiple challenges of “square one” reforestation: from finding contractors to sourcing seedlings to the ongoing and seemingly endless battle with resurgent invasive species.

Any monies that might come from a salvage operation on a small segment of our property will immediately go back into our forest—seedlings, planting, vegetation management. Our savings are not unlimited. Although there are no guarantees, from logging costs to log prices to reforestation expenses, we hope we might break even. We try not to think too far ahead; first we replant, then we think about the future.

We have no quarrel with existing harvest taxes, that would be extended as part of House Bill 2070. We especially have no quarrel with the portion that funds the forestry education goldmine that is OFRI. But adding more financial burden on small woodland owners at a time of such financial and emotional hardship seems an unnecessary cruelty on top of the devastation wrought by the Labor Day Fires. The current tax structure isn't broken—but many Oregonian lives and communities have been—by pandemic, by fire, by ice storms.

Now is not the time for new taxes. Now is a time for finding common ground, for truly listening to one another—and then finding a way forward fueled by what unites rather than divides us. Let the MOU process begun last year continue. Don't derail the fragile lines of communication and trust that have been established.

Thinking beyond just ourselves, here are a few additional things for you, as representatives of the interests of our whole state, to bear in mind as you consider these proposed tax bills:

The forest products industry is:

- one of the largest industries in the state
- the economic backbone of many rural communities
- the nation's number one supplier of dimensional lumber and plywood

- a source of more than 60,000 family wage jobs
- a major supporter of secondary businesses

HB 2379 (and HB 2598) propose imposing severance taxes on timber harvested from Oregon. Severance taxes are for “severed resources” like coal or natural gas, that are sold out of state, not for renewable natural resources like timber. Although the timeframe is in decades rather than months, timber is an agricultural product like hazelnuts or blueberries or grass seed. State law—and good forest practice—requires trees be replanted after harvest. On average, four trees are planted for every one that is harvested.

For tax purposes, forest landowners are treated like all other landowners in Oregon. Forestland is taxed at its real market value: as land primarily used to grow and harvest timber, just like agricultural land is taxed for its use for growing crops, and residential and commercial properties are taxed according to their uses. Again, like other agricultural products such as hazelnuts, when trees are harvested, processed, and sold, income is generated and taxed. Up-front costs (planting, thinning, invasive species removal, pest and fire prevention) are not recouped for 40 years or more, provided trees don’t suffer mortality—from drought or animal browse or insects or disease or the ravages of wind or ice storms or fire—before then.

Keeping forests as forests is in the best interest of all Oregonians. Reinstating a severance tax encourages conversion of forestland to other uses (residential, industrial, other agricultural uses) that do not provide the environmental benefits, such as carbon capture and storage, wildlife habitat, clean water, and recreation, that forests provide. Since 1907, Oregon has maintained 94% of its forestland area, whereas Washington and California have lost over 15% of their forestland to development.

In 1991, the Legislature created the Oregon Forest Resource Institute to educate the public and landowners about forests and forest practices. It is our commodity commission. OFRI is funded exclusively through the Forest Products Harvest Tax. OFRI receives NO General Fund dollars. Currently, the Secretary of State’s office is conducting a performance audit of OFRI, with a report expected no later than summer of 2021. No changes should be made to OFRI until that audit is complete.

Fire—and monies for fire prevention and fighting—are clearly important. Determining how to fund all aspects of responding to fire in our communities inarguably must happen. Woodland owners already contribute to funds for both structure fires and wild land fires. Diverting funds from OFRI to a larger fire fund, as HB 2379 proposes, is both shortsighted and unfair. It is shortsighted because, as noted above, OFRI plays a vital educational role, for all Oregonians as well as Oregonian woodland owners. Understanding fire and fire science is multifaceted and challenging—from fuels mitigation and home hardening for WUI dwellers to the impacts of climate change to forest resilience prior to and after a burn to prescribed fire to the role of fire on a landscape scale. Knowing how to prepare and respond isn’t instinctive; education is vital. Additionally, most fires are not started by forest landowners or forest operations, which follow strict fire safety guidelines, but are “sparked” far more frequently by members of the public or public entities, such as utility companies. Forest properties, whether publicly or privately held, are not a priority for firefighters. Forestland may be saved in the course of a fire fight, but lives and homes and businesses are, justifiably, a higher priority.

It is an unmistakably personal irony that, should our (post-fire salvage) harvest tax monies be redirected from OFRI to a fire fund, we will go from paying into something that makes us better woodland stewards to something that will do nothing for us whatsoever. When the Holiday Farm Fire roared through our part of the McKenzie corridor, there was no fighting to save any structures, any homes, and certainly not any trees. We don’t blame anyone for that, but to ask us to shoulder an additional part of firefighting costs seems a bit of an insult added to a

devastating injury. Additionally, the cause of our fire wasn't a careless woodland owner, it was a public utility. Again, we are not blaming, simply noting that woodland owners are being asked to shoulder an untenable proportion of a burden that should be shared by all Oregonians.

Finally, to reiterate my earlier contention: Now is not the time for new taxes. Let the ash settle first. Let us heal and rebuild and replant. Let us focus on forest health and resilience rather than fearing our next tax bill—or worse still, finding ourselves contemplating conversion of our woodlands to other uses.

And again: now is not the time for new taxes. Now is the time to let woodland owners do what we do best: nurture healthy, resilient forests, provide lumber for the building (and rebuilding) of homes, provide jobs for our communities, provide and insure healthy watersheds and beauty for our state.

In the short and long term, Oregon needs our forests as forests. Help us insure that happens.

Thank you for including the above testimony in your deliberations.

Kathryn McMichael