

LICENSED TAX CONSULTANT

February 25, 2021

Honorable Brad Witt
House Ag & Natural Resources Committee
State Capitol
Salem, Oregon 97310

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Dear Representative Witt and members of the committee:

I am writing today to provide testimony on HB2070, HB2389, HB2430 and HB 2379.

My parents, Clyde and Norma Ramsay, purchased cut over timberland in the 1950s. They painstakingly cleared the brush, planted trees, developed fire trails, controlled the scotch broom and tansy and tended to the developing trees. They paid for the costs of managing their timber by raising Christmas trees.

My father believed in thinning his timber by cutting out the sick, lame and crippled trees resulting in a beautiful forest that provides many benefits for our community and the wildlife that flourishes on our property. He believed in raising timber well beyond the economically accepted 45 year rotation that is practiced by industrial timberland owners, saying that our "timber would double in volume and double in value every 8 to 10 years once it reached 45 years of age."

Because of this belief he spent hundreds of hours at the Oregon State Legislature to develop and implement the Western Oregon Small Tract Optional tax system, which allowed non industrial timberland owners to pay property taxes on the productive value of their land and not the value of their growing timber. His vision and hard work provided an incentive for small woodland owners to actively manage their timber for the long haul and removed the temptation to harvest timber because it was becoming too valuable for property tax purposes.

I have been involved with small woodland owners all my life because of my parents. I became very involved with the Oregon Small Woodlands Association after the Tax Reform Act of 1986 changed the way timber was taxed at the federal level. I own a tax practice specializing in timber taxation and I served 2 terms as president of OSWA. I was involved in developing the latest timber tax program for Oregon.

My husband and I took over the management of 200 acres of my parent's timberland when my father was no longer able to do the physical labor. At the time we were both working full time jobs and we did the best we could do. My husband retired 8 years ago and works full time managing our timberland.

There is still brush to clear, fire trails to maintain, weeds to control and trees to thin. Unless we harvest timber there is no money to pay the costs associated with managing our tree farm. If we do harvest timber there are additional costs related to the harvest – logging, hauling, piling the brush, replanting trees and beginning the process all over again for reestablishing the stand of timber. In addition we of course pay income taxes on the net income from the harvest of our timber, as well as harvest taxes based on the volume of timber we harvest.

We have chosen to pay 100% of our property taxes each year because we have older timber and we decided to pay more property tax annually rather than pay the privilege tax upon harvest of our timber. We try to budget carefully but we spend whatever money it takes to manage our timberland to a very high standard.

Raising timber is a very long term and risky business, as was illustrated last September when millions of board feet of timber were destroyed by fire. We held our breath as 2 fires roared down the Molalla River canyons right towards our property. Had the wind blown for another 3 hours our home and timber would have been engulfed and most certainly would have been destroyed. We were incredibly blessed! But we have had 2 huge wind storms since January 1st that blew down 39 thousand board feet of beautiful timber and that was not in our management plan.

We have been able to sell this blow down to a local mill and will be able to recoup some of the value of our timber, but that will not pay us back for the countless hours and thousands of dollars invested to raise the timber to the stage where it blew over.

Most recently we have experienced an historic ice storm which has broken out the tops of young timber and uprooted older timber. The damage is so sporadic it doesn't make any sense to try to salvage the timber to sell, so we will cut the logs for firewood.

My point in telling this story is not so you might feel sorry for me. I simply want to illustrate how tenuous raising timber can be. Not only are we at the mercy of Mother Nature, but we are also at the mercy of ever changing rules, regulations and tax laws. It is difficult to budget when your time line is 45 years or more and it is incredibly challenging to develop a management plan for a crop that takes so many years to mature.

I know it is difficult to understand why imposing a severance tax or increasing a privilege tax might be viewed so negatively by the nonindustrial timberland owner. I could provide you with years of numbers that would illustrate how important leaving our current timber tax system in place is, but the bottom line for me is we need continuity in order to keep raising timber. We need to know what we are doing is important to the State of Oregon beyond some extra money that might be raised by increasing the taxes we are already paying. We are limited to what we can do with our land through zoning restrictions and we are required to replant our timber through the Oregon Forest Practices Act. But most of us do what we do because we love our land and the timber growing on it, and we love providing habitat for the wildlife as well as clean air and water.

Finally, OFRI was created in 1991 as a way to share valuable information with landowners and the public about forest practices. I am astounded by the work they have done to explain how valuable the forest products industry is in Oregon. Their programs that provide learning tools to students and teachers are incredibly educational and every citizen of Oregon benefits from the work they have done. It is important to remember that timberland owners pay for OFRI through our Forest Product Harvest Tax dollars and it would be a terrible loss if OFRI was eliminated.

Thank you for reading my testimony. If you have questions you think I might be able to answer don't hesitate to contact me.

Please do not pass these laws which will have a detrimental impact on every small woodland owner in Oregon.

Sincerely,



Ilene L. Waldorf