

HB 4055 -4 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 2/1, 2/15

WHAT THE MEASURE DOES:

Establishes statutorily determined segments of the forest products harvest tax (FPHT) retroactively to January 1, 2022, and effective for calendar years 2022 and 2023, as detailed below.

Sets rate to be transferred to Forest Research and Experiment account (OSU Research) at 102.49 cents per thousand board foot (MBF). Sets privilege tax for the purposes of administering the Oregon Forest Practices Act at 207.02 cents per MBF. Sets privilege tax for the purposes of investing in professional forestry education at the Oregon State University College of Forestry at 10 cents per MBF.

Requires determination of FPHT rates to begin no later than March 10 of odd numbered years. Requires the Oregon State Forestry Department to provide timber harvest data to the Legislative Fiscal Officer and the Legislative Revenue officer upon request. Requires Legislative Revenue Officer to complete report on forest products harvest tax.

Instructs Department of Revenue to impose privilege tax on harvested timber, based on volume, estimated to collect \$2.5 million annually. Increases estimated target of annual collection to \$5 million once an incidental take permit has been issued consistent with the Private Forest Accord. Specifies funds from new privilege tax to fund the mitigation of the effects of forest practices. Caps total collections at \$250 million.

ISSUES DISCUSSED:

- History of FPHT rates.
- Connection to Private Forest Accord.
- Timing of timber harvest forecast.
- LRO reporting requirements.

EFFECT OF AMENDMENT:

-4 Adjusts OSU Forest Research segment of the FPHT from 102.49 cents per MBF to 90 cents per MBF. Adjusts privilege tax for the purposes of investing in professional forestry education at the Oregon State University College of Forestry from 10 cents per MBF, to 21 cents per MBF. Changes March 10 requirement from determination of biennial FPHT to consideration of biennial FPHT. Establishes that the earlier of (1) incidental take permit rejection or revocation and (1) \$250 million in collections as sufficient criteria for the cessation of the additional privilege tax imposed to mitigate the effects of forest practices, effective December 31st of same year. Changes sunset date for new privilege tax from 2027 to 2028. Establishes version of Private Forest Accord and its date of publication.

BACKGROUND: