

SB 1593 -1, -2 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By: Chris Allanach, Legislative Revenue Officer

Sub-Referral To: Senate Committee On Rules

Meeting Dates: 2/28

WHAT THE MEASURE DOES:

Replaces the current Forest Products Harvest Tax with a new Timber Severance Tax. Depending on the number acres held in common ownership, the tax rate ranges from one percent to six percent; if the owner has received forest management certification from the Forest Stewardship Council, the tax rates range from 0.6 percent to 5.7 percent. Revenues are generally distributed as follows: 25 percent to the State Forestry Department for deposit into the Fire Safe Homes, Communities, Forest and Drinking Water Protection Subaccount; 25 percent into the State Fire Marshal Fund; 40 percent to the governing bodies of the counties from which the revenues are received; and 10 percent to the Oregon Watershed Enhancement Board for deposit in the Natural Resources Subaccount. Applies to calendar years 2026 and later.

Requires the State Forestry Department to use the revenue to: administer the Oregon Forest Practices Act; promote wildfire workforce development and outreach programs for kindergarten through grade 12 public education and universities by Oregon State University in collaboration with the Higher Education Coordinating Commission; and to fund the collaboration between the Oregon Conservation Corps Program and the Higher Education Coordinating Commission.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces the bill. Requires the State Forester to conduct a study of the proposed public and private severance taxes described in Section 2 of the amendment. The intent of the study to assess the administrative efficiency, cost-effectiveness, and challenges of the proposed taxes; the adequacy of the taxes to achieve the long-term funding required of wildfire programs; the revenue benefits to local governments where timber is harvested and to the Oregon Watershed Enhancement Board; assess the historical (from 1990 to present day) tax contributions of the forest products industry, taxpayers, and property owners to wildfire and forestry program as well as to local governments; and a comparison of what Real Estate Investment Trusts pay in state tax under current law compared to the proposed law.

Identifies various entities from which the State Forester shall seek consultation for the study. Provides that the study is due by November 15, 2024 and that the State Forester shall present a report the legislative interim committees on natural resources and water. Specifies questions to be answered within the report. Provides that the two individuals from each legislative caucus be interviewed for their perspectives on the proposed severance taxes.

The proposed severance taxes are broadly the tax outlined in the introduced version of the bill.

-2 Largely identical to the -1. Clarifies that the report would be a collaborative process led by the State Forester, including agreements with respect to staff time. Makes refinements to the study participants and details to be covered by the study.

BACKGROUND:

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Oregon used to impose an Eastern Oregon Severance Tax (EOST) and a Western Oregon Severance Tax (WOST) on the value of harvested timber. The EOST was created by the 1961 Legislature while the WOST was created by the 1977 Legislature. Prior to the passage of Measure 5 in 1990, the taxes were offset to local government property tax levies. During the 1990s, in response to Measure 5, the taxes were gradually phased-out.