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The Honorable Mark Meek, Chair
Senate Committee on Finance and Revenue
Oregon State Capitol
Salem, OR 97301

Subject: SB 1593 - **OPPOSE**

Chair Meek, Vice Chair Boquist and Committee Members:

Thank you for providing us with the opportunity to share our concerns and perspectives on SB 1593 and its -1 amendment. Associated Oregon Loggers (AOL) represents nearly 1000 forest operators in Oregon that are committed to sustainable forest management and the economic vitality of our communities. Our organization plays a crucial role in advocating for practices that ensure the health and longevity of Oregon's forests, while also supporting the livelihoods of thousands across the state.

AOL is Opposed to SB 1593 and the -1 amendment.

The -1 amendment to SB 1593, appears to be underpinned by an anti-forestry sentiment. This perception arises from the framing of the study's objectives and the selection of committee members that are biased towards validating a preconceived negative view of forestry practices. The study could further entrench a narrative that unduly criticizes the forest sector, overlooking its contributions to Oregon's economy, employment, and environmental stewardship.

Forestry in Oregon is not only a significant economic driver but also a practice deeply ingrained in sustainable and renewable principles. The industry supports tens of thousands of jobs, contributes to rural economies, and plays a crucial role in managing forest health, including wildfire risk mitigation through responsible timber harvesting and land management practices. The portrayal of forestry in a solely negative light fails to acknowledge these positive aspects and the industry's efforts to balance economic, environmental, and social objectives.

The concern is that an anti-forestry bias in legislative proposals and studies could lead to policies that disproportionately burden the forest sector, discourage sustainable forest management practices, and undermine the sector's viability. Such an approach could also alienate the forestry community, including small family forest businesses, contractors, and workers, who are essential to the health and sustainability of Oregon's forests.

Addressing the perceived anti-forestry sentiment in the -1 amendment and ensuring a balanced, fair, and inclusive approach to forestry-related legislation is crucial. Policies should recognize the forest sector's complexity and its pivotal role in Oregon's economy and environmental

sustainability. Engaging constructively with all stakeholders, including those within the forest sector, is essential to developing informed, effective, and equitable forestry policies.

Study Bias

The concerns surrounding the study proposed under the -1 amendment to SB 1593 stem from biases in its foundational questions and the selection of consultants. The study represents a poor use of taxpayer dollars, particularly given the existence of comprehensive analyses already conducted on similar subjects.

The proposed study under SB 1593 is not an objective inquiry into forestry taxation or wildfire funding but rather an effort to substantiate a predetermined viewpoint favoring an outdated severance tax concept. Such a study would not only be redundant but also potentially skewed, aiming to support specific legislative changes rather than providing a neutral assessment of the forest sector's taxation and its implications for wildfire management funding.

This perception of bias undermines the credibility of the study and raises concerns about the equitable treatment of all stakeholders within the forest sector. The fear is that the findings of such a study could be leveraged to justify legislative measures that are not in the best interest of sustainable forestry practices or the economic health of the sector, particularly small family forest businesses that form the backbone of forestry in Oregon.

Misconception of Forestry as an Extraction Industry

One of the underlying issues with the -1 amendment to SB 1593 is the implied characterization of forestry as merely an extraction industry, akin to mining or fossil fuel production. This portrayal overlooks the modern realities of sustainable forestry practices and the renewable nature of timber as a resource. Forestry in Oregon, and broadly in contemporary practice, has evolved far beyond the extractive models of the past. Today, it operates under a paradigm of sustainable management, where the cyclical growth, harvesting, and replanting of trees are conducted in a manner that maintains and even enhances the forest ecosystem over time.

The comparison of forestry to extraction industries fails to acknowledge the regenerative capabilities of forests and the advanced management techniques employed by the forest sector to ensure the health and resilience of forestlands. These practices include reforestation efforts that replenish harvested area, and the maintenance of biodiversity and ecosystem services.

Moreover, the forest sector's commitment to sustainability is evidenced by its adherence to rigorous environmental standards and certification systems that go beyond state and federal regulations. These systems ensure that forestry practices not only supply renewable wood products but also contribute to the conservation of wildlife habitats, soil and water quality, and carbon sequestration.

Categorizing forestry alongside non-renewable extraction industries could lead to policies that do not reflect the sustainable, cyclical nature of forestry or its potential as a solution to environmental challenges like climate change. It is crucial for legislation and public discourse to recognize and support the forest sector's role in sustainable land management and its contributions to ecological health and the economy. The advancement of forestry practices and the industry's shift towards a

sustainable, renewable model must be acknowledged and encouraged, rather than constrained by outdated perceptions.

Negative Industry Impact

The intention of the study proposed in the -1 amendment is to remove the Forest Products Harvest Tax and substitute it with a severance tax. The possibility of this change, specifically those changes relating to increased taxation and financial burdens on the forest sector, present a profound and troubling impact on forest contractors, operators, small businesses, and loggers within Oregon. The negative ramifications of such policies cannot be overstated, as they directly affect the very backbone of our forest sector.

The imposition of new taxes would severely diminish the capital available for sustainable forest management, a cornerstone upon which small family forest businesses rely to maintain both the health of Oregon's forests and the vitality of their operations. As these small businesses conduct the majority of Oregon forestland management, any taxation on the supply chain inadvertently becomes a tax on them, straining their already narrow profit margins.

The domino effect of these increased financial pressures is multifaceted:

- **Small Business Viability:** The weight of declining profits due to increased taxation could lead to the closure of small family forest businesses. The cumulative financial pressures could drive a trend towards greater consolidation within the industry, potentially replacing small, family-owned entities with larger contractors. This shift not only threatens the diversity and resilience of our sector but also the local economies and communities these small businesses support.
- **Investment in Forest Management:** New taxes on landowners would result in decreased investment in essential forest management activities. These activities, often carried out by small family forest businesses, are critical for maintaining forest health and productivity. Reduced investment means less work for these businesses and a decline in the overall management quality of Oregon's forests.
- **Long-term Forest Productivity and Health:** The reduction in landowner income would lead to lower long-term investment in forest management. This scenario spells a worrying future for Oregon's forests, with potential decreases in productivity, increased susceptibility to mortality from overcrowding, fires, storms, and pests, and a higher likelihood of land-use changes away from forestry.
- **Forest Firefighting and Protection:** The implementation of new fire protection tax costs for landowners could deter the voluntary participation of family forest businesses and landowners in initial firefighting efforts. These "first responders" play a crucial role in early wildfire detection and suppression, and their reduced involvement could lead to larger, more costly, and impactful forest wildfires, affecting all Oregonians.

The proposed tax increases and financial burdens outlined in SB 1593 pose a significant threat to the forest contractors, operators, small businesses, and loggers that form the backbone of Oregon's forest sector. The broader implications of these measures could lead to reduced forest management quality, increased vulnerability of our forests to natural disasters, and a weakening of the rural economies that are dependent on this vital industry.

Additionally, a severance tax would create a significant disincentive for undertaking higher cost forest operations, which are essential for effective forest management and wildfire mitigation. These forest operations typically involve complex operations such as selective logging in difficult terrains, removal of hazardous fuels, and other fire mitigation activities. These operations are not only labor-intensive but also require specialized equipment and expertise, making them inherently more expensive.

The imposition of higher taxes on these essential activities undermines the economic viability of such projects. When the cost of conducting forest operations exceeds the financial return, landowners and logging contractors are less likely to invest in these critical management practices. This disincentive directly impacts the health and safety of our forests by reducing the implementation of vital management strategies that prevent overgrowth, reduce fuel loads, and mitigate the risk of catastrophic wildfires.

Furthermore, the increased financial burden on landowners could lead to a reduction in active land management. As seen in other contexts, a lack of financial incentive to manage lands actively can result in deferred maintenance, leading to increased vulnerability to wildfires, pests, and diseases. This not only jeopardizes the sustainability of our forest resources but also amplifies the risk and potential severity of forest fires, posing a greater threat to public safety and the environment.

It is crucial that any legislative measures support, rather than hinder, the essential work of forest management, especially activities that contribute to reducing wildfire risks and enhancing the overall health of our forest ecosystems.

Certification

SB 1593's approach to certification and tax rates raises significant concerns within the forestry community, particularly regarding the potential misrepresentation and preferential treatment of certain forest certification systems. The bill's provisions seem to favor one certification system, the Forest Stewardship Council (FSC), over others like the Tree Farm System and the Sustainable Forestry Initiative (SFI), which could lead to an uneven playing field.

AOL is particularly worried about this aspect for several reasons:

- **Equity among Certification Systems:** The Forest Practices Act in Oregon sets a high standard for forest management and operations, vetted and adopted by the Board of Forestry. All major third-party certification systems, including the Tree Farm System, FSC, and SFI, aim to exceed these already rigorous standards. By giving preferential tax treatment to one certification, SB 1593 could undermine the integrity of these systems and disregard the comprehensive forest management laws in place.
- **Operational Impacts:** AOL members, who represent a wide array of small family forest businesses, do not differentiate in their operations based on the certification system a particular land is under. Their commitment is to high-quality, sustainable forestry regardless of the land's certification status. This operational ethos underscores the importance of treating all certification systems equally, without bias, to ensure that the quality of work is not compromised.
- **Bias and Discrimination:** Singling out one certification system for tax advantages not only introduces bias but also discriminates against landowners and operators who are

certified under other systems. This could inadvertently penalize those who have committed to sustainable practices under a different certification umbrella, thus discouraging broad participation in sustainable forestry practices across the state. Additionally, the FSC certification does not require any form of operator or logger education or qualification whereas the SFI certification does. It seems odd that the state would have a bias towards a certification system without any operator required training and continuing education standards.

In essence, the concerns around certification and tax rates in SB 1593 highlight the need for a more balanced approach that recognizes the value and contributions of all certification systems equally. Such an approach would ensure that the forest sector in Oregon remains competitive, diverse, and committed to the highest standards of sustainable forest management.

Elimination of OFRI Funding

If a severance tax would replace the Forest Products Harvest Tax, funding for the Oregon Forest Resources Institute (OFRI) would be cut or removed all together. OFRI plays an indispensable role in bridging the gap between the Oregon Department of Forestry (ODF) and various stakeholders, including forest contractors, small businesses and the general public, through coordinated efforts aimed at educating and elucidating the complexities of the Forest Practices Act and associated Rules. Without an alternative entity to fulfill this crucial educational mandate, the void left by OFRI's defunding would be palpable.

OFRI's extensive library of educational materials covers a broad spectrum of topics from sustainable forestry practices to wildlife and water conservation, and particularly wildfire prevention. These publications are not merely informative; they are a trusted resource for the SFO community, relied upon for guidance and best practices in sustainable land management. The proposed funding cuts threaten to dismantle this foundational support structure, potentially leaving landowners without the necessary resources to manage their lands effectively and sustainably.

OFRI has a profound impact beyond the forest sector. It plays a pivotal role in workforce development, particularly in natural resource industries, by providing educational pathways and career opportunities in forestry, STEM, conservation, and green workforce jobs. OFRI's educational programs, such as K-12 classroom and field-forest education along with its provided funding for other programs across the state have allowed these educational opportunities to reach hundreds of thousands of students, instilling in them an appreciation for forestry and the outdoors. The elimination of OFRI funding would not only deprive future generations of these invaluable learning experiences but also hinder our efforts to develop a skilled workforce in forestry and related fields.

In essence, OFRI's role extends far beyond mere education; it is about building a sustainable future for forestry in Oregon. The organization's ability to convey critical information on forest protection laws, sustainable practices, wildlife protections, and forest law is unparalleled. Annually, OFRI hosts or convenes over 6,000 landowner education events, fostering trusted relationships within the community and with regulatory agencies. This level of engagement and outreach is crucial for the continued stewardship and sustainable management of Oregon's forestlands. Reducing or eliminating OFRI's funding would not only be a disservice to the forest owners and the public but

also a step back in our collective efforts toward sustainable forestry and environmental stewardship in Oregon.

Conclusion

In conclusion, our testimony has articulated significant concerns regarding SB 1593 and its -1 amendment, emphasizing the potential adverse effects on the forest sector, small family forest businesses, and sustainable forest management practices in Oregon. The proposed bias towards the FSC certification system, additional costs for forest operations, and elimination of funding for crucial educational and research institutions like OFRI are among the key issues that could undermine the health of Oregon's forests and the economic vitality of its rural communities.

Likewise, the perceived bias within the proposed study, the anti-forestry sentiment, and the misconception of forestry as an extraction industry fail to recognize the modern, sustainable practices that define our sector. Forestry in Oregon is a renewable, sustainable enterprise that balances economic, environmental, and social objectives to ensure the long-term health and productivity of forestlands.

We urge the committee to consider the broad implications of SB 1593 and the -1 amendment on the forest sector and the state of Oregon. Legislation impacting such a vital industry must be approached with a comprehensive understanding of its complexities and a commitment to supporting sustainable forestry practices that benefit our environment, economy, and communities. We appreciate the opportunity to share our perspective and hope that our testimony will contribute to a more informed and balanced legislative process. Thank you for your attention to these critical matters.

Graciously,

A handwritten signature in black ink, appearing to read 'Amanda Sullivan-Astor', with a long horizontal line extending to the right.

Amanda Sullivan-Astor

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