

February 26, 2024

Senator Mark Meek, Chairman
Senate Committee on Finance & Revenue
900 Court Street, NE
Salem, OR 97301

RE: **Opposition** to SB 1593 (including -1 & -2 amendments)

Dear Chair Meek and Members of the Committee.

We request that this letter be entered into the public record on this matter. We are opposed to SB 1593. We have several concerns about this bill and its amendments in their current form.

First, a little background about us. My wife and I are retired, and we own and manage about 101 acres of forestland in western Oregon near Estacada, which we have been doing for over 30 years. We are proud of our forest stewardship, and we were honored for our work in 2021 as Oregon's Tree Farmer of the Year. We received this honor not on account of how efficiently we can produce a forest crop, or how well we can log a forest stand; we were awarded this honor on account of our forest sustainability practices, fish habitat restoration efforts, and educational services we present on our property to students of all ages about healthy streams and forests. We actively manage our forest for many requirements and uses, ranging from infrequent timber harvesting to wildlife habitat enhancements, recreation, carbon sequestration & storage (a verified carbon reserve) and riparian restoration.

1. Severance taxes are intended to tax an extraction industry. For decades Oregon has moved beyond that model and now realizes timber harvesting is a sustainable cropping system using a renewable resource more like farming than mining. This is defined in statute. While the current SB 1593 exempts SFOs owning less than 500 acres from this tax, the concept is outdated and Oregon has moved beyond it. Modifications to what is currently in place should be studied and put forth and not return to a system that was found wanting.
2. Elimination of funding for the Oregon Forest Resources Institute (OFRI): Many small forestland owners (SFOs), including our family, rely upon the numerous educational publications and programs OFRI produces on such topics as the Private Forest Accord, sustainable forestry, carbon, wildlife, water, and reforestation. Our harvest taxes pay for this organization and many of its resources and this must continue. They are the only organization that SFOs can access on such a diversity of topics.
3. Elimination of the Oregon Forest Land Protection Fund (OFLPF) (ORS 321.015): OFLPF was established by the Oregon Legislature as an 'insurance fund' with the purpose of equalizing emergency fire suppression costs among the various Oregon Department of Forestry protection districts. The emergency funding system is designed to operate as an insurance policy whereby all districts contribute (pay premiums) into the fund so that money will be available to any individual district to pay fire suppression costs on 'emergency fires.
4. Counties are not required to spend the money they receive for fire protection. All monies collected should be dedicated to fire protection.
5. State Fire Marshall receives 25% of the proceeds from the bill but they do not protect forestland. Forestland protection on private and state lands is the job of the Oregon Department of Forestry.
6. The proposed severance tax is a value tax versus a volume tax on timber production. This may incentivize forestland owners to grow low value (short rotation) timber which reduces carbon sequestration and storage and will lessen the development of a more mature forest, both of which

are understood to be quite important and are achieved by keeping trees growing as long as practicable. Even though our family owns less than 500 acres, we are concerned about the exclusion of the American Tree Farm System's certification to realize a reduction in assessed tax for those that fall into this category of taxation. The Oregon Tree Farm System is currently built around the ATFS certification, which we and thousands of others across Oregon have used and currently use. ATFS should be an acceptable method of certification in addition to the FSC certification for any legislation requiring such certification. We are not aware of any evidence that FSC is superior to ATFS certification.

Regarding the amendments, our most significant concerns are:

1. Water supply restoration activities are already occurring under the recently passed and implemented Private Forest Accord through several avenues in funding and rule. Why is this being mandated again? This is a duplication of effort. Focus on the current programs recently implemented instead of creating another government program to do the same thing.
2. The tax on public timber is one percent less than tax on large private forest landowners. However, most natural and human-caused wildfires occur on public (federal) land. This is not fair and does not reflect where the higher tax burden should be placed to account for much of the cost of fighting wildfires.

The amendments propose that a study be undertaken to study the effectiveness of severance taxation. This study should be conducted first by a balanced group of professionals with expertise in such matters, and not confined to severance taxes, but all forms of timber taxation prior to enacting any timber taxation policy to develop a modern, fair and unbiased method to tax forestland owners.

In summary, we are opposed to SB 1593 and its amendments in their current form.

Thank you.
Sincerely,



David & Mary Ann Bugni