

HB 3489 -1 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 4/24

WHAT THE MEASURE DOES:

Repeals the Forest Products Harvest Tax, the lot surcharge used to maintain the Forest Land Protection Fund, and the minimum lot assessment. Abolishes the Oregon Forest Land Protection Fund and the Emergency Fire Cost Committee. Establishes a severance tax on timber harvest. Taxes the value of harvest at a rate ranging from 2% to 6%. Determines the tax rate based on the number of forestland acres owned by the owner of the land where the timber is harvested. Taxes harvest from forestland that are Forest Stewardship Council certified at a reduced rate ranging from 1% to 5%. Excludes the first 25,000 board feet harvested annually by the taxpayer. Establishes the Wildfire Management Fund. Distributes 40% of available funds to the Wildfire Management Fund for wildfire suppression, mitigation, and prevention. Distributes 40% of funds to the general funds of each county. Distributes 10% of funds to the State Forestry Department Account for the purpose of administering the Oregon Forest Practices Act and the forest practices monitoring program. Distributes 5% of funds to the Forest Research and Experiment Account for forest research, experimentation and studies, the Forest Research Laboratory, and forest education. Distributes 5% of funds to the Watershed Conservation Grant Fund.

Requires the State Fire Marshal and State Forester to establish the annual cost of fire protection provided by the State Forester within each fire district. Requires the established cost to be determined in collaboration with forest protection districts and counties whose boundaries overlap the boundaries of the forest protection districts. Requires the cost per acre be established in accordance with forest protection district budgets that are approved by the State Board of Forestry.

Refers the bill to the people at the next state-wide general election. Has an operative date of January 1, 2027.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces the bill.

Repeals the Forest Product Harvest Tax components that provide funds to the Forest Research and Experiment Account, administration of the Oregon Forest Practices Act, professional forestry education at Oregon State University's College of Forestry, the Forest Land Protection Fund, and the Oregon Conservation and Recreation Fund.

Creates a severance tax on timber harvested in Oregon. Distributes funds to fighting and preventing wildfires, forestry education and studies, the administration of the Oregon Forest Practices Act, and to counties where the tax revenue was generated.

BACKGROUND:

In the past, in lieu of property tax on standing timber, Oregon imposed an Eastern Oregon Severance Tax (EOST) and a Western Oregon Severance Tax (WOST) on the value of harvested timber. The EOST was crafted 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 offsets to local government property tax levies. During the 1990s, in response to Measure 5, the taxes were gradually phased-out.