

Chair Nathanson, Vice Chair [Reschke](#) and members of the House Revenue Committee,

For the record, my name is Josie Koehne **speaking today** on behalf of the League of Women Voters of Oregon. We are **opposed** to renewing the Harvest tax for the next two years. **We would like to see it replaced by a value-based severance tax.**

HB 2072 continues the **Forest Products Harvest Tax** that requires review every two years. The **League** believes that any tax bill should not have to be reinstated every biennium, and we do not understand why this tax is an exception. Rep. Marsh and Rep Nathanson proposed to end the tax rate review every two years, and we supported that idea in previous testimony.

The harvest tax is not easy to administer and raises **no revenue** for either the counties or the **General Fund**. Instead, the tax benefits the timber industry, much like a commodity commission.

The Harvest Tax **rate** is extremely low. The current rate is just under **\$6 per thousand board feet** or **MBF**. To understand what **1 MBF** looks like, a typical timber truckload of Doug fir logs holds **4.5 to 5 MBF** of timber. Total tax on that truckload is only **\$30 or less**.

The Dept. of Revenue report in meeting materials states “over the past ten years, **collections** have been somewhat stable, averaging **\$14.5 million per year.**” **Annual harvest** in board feet is roughly **3.8 billion BF**. Last year, prices for **Doug fir logs** have ranged between \$700 to \$775 **per thousand BF**. In conclusion, Oregon collects just under \$6 on **\$700 worth** of timber **per thousand board feet**, so the tax on that truckload of **logs worth \$3500** is **\$30**. Note that valuable, high-quality logs are taxed at the same rate **per MBF** as low-paying scrap lumber suitable only for plywood or other low-end uses. In addition, the first 25 thousand board feet (that’s 5 truckloads) per taxpayer are **NOT taxed!**

Clearly, Oregon needs a better system of timber taxation. Past legislatures ended the severance tax that supported counties for schools and public services, including **local fire protection**. We need a well-designed timber tax to replace this inadequate and poorly designed harvest tax--one that **supports the timber counties** that have received **reduced property tax** revenues from special assessments for decades. We need a tax on **harvest value** rather than volume as Washington has, with incentives for **climate-smart** forestry practices. Changing over to a value-based tax system would bring in significantly more revenue to Oregon. **We encourage you to reject this Forest Products Harvest Tax bill, and reintroduce a revised version of Sen Golden and Rep Holvey’s 2023 [HB 3025](#), and we urge you to schedule a public hearing on it!**

Thank you for the opportunity to discuss this legislation.