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Southern Oregon Climate Action Now
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Testimony supporting HB3489

Chair Nathanson and members of the House Committee on Revenue:

As I have noted previously, Southern Oregon Climate Action Now is a grassroots climate organization of some 2,000 Southern Oregonians. We are concerned about the climate crisis and seek federal, state and local action to address it. We are rural and coastal Southern Oregonians who live on the frontlines of the warming, reducing snowpack, heatwaves, drought, rising sea level and the increasing wildfire risk that these trends conspire to impose on us. Because of our concern, we pay close attention to efforts nationally, statewide, and locally that impact our collective efforts to address the climate crisis. As our logo above indicates, the focus of SOCAN is to promote action through science.

In a discussion of the financial plight facing Oregon counties, Dole (2024) pointed out that “At least 21 of Oregon’s 36 county governments, from the Portland metro area to rural southern

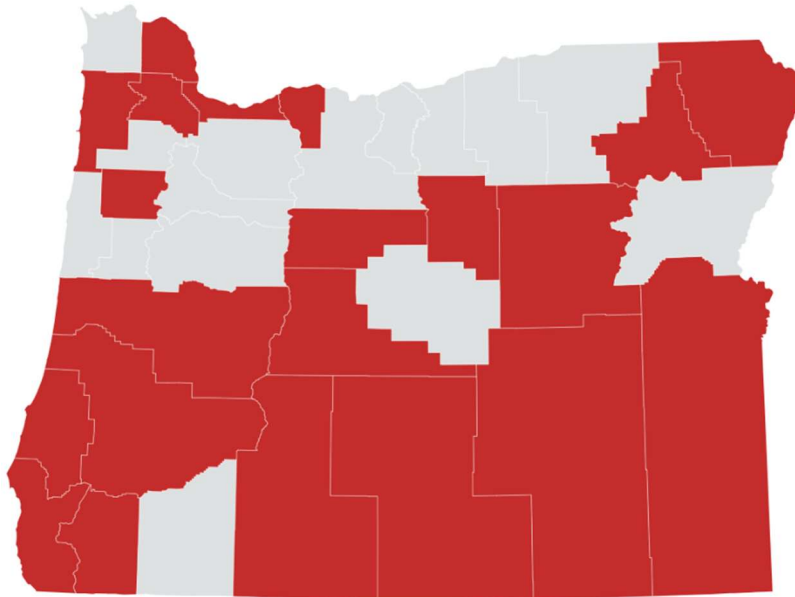


Figure 1. Oregon counties facing revenue crisis, Dole 2024)

Oregon, are facing deficits that could prompt cuts to public services, including law enforcement, road maintenance and health care, according to the Association of Oregon Counties.” Schick and Davis (2020) argued that: “If Oregon taxed timber owners the same as its neighbors, which are also top lumber producers with many of the same companies, it would generate tens of millions of dollars more for local governments.

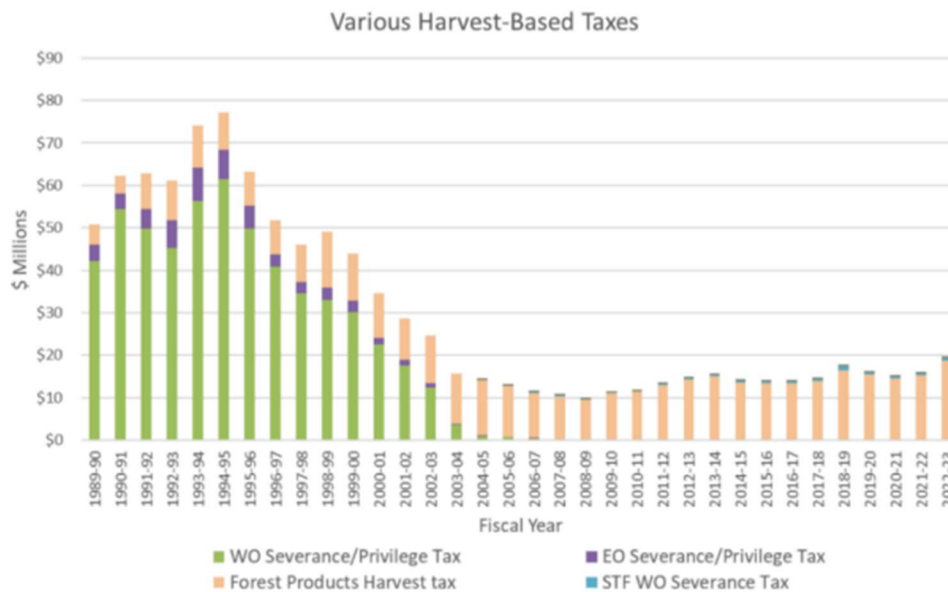


Figure 2 Trend in tax revenues from Severance/Privilege and Harvest taxes in Oregon. (Wiser 2024)

The trend in revenues generated from timber taxes is depicted in Figures 2 and 3 (Wiser 2024). The loss in revenue as Severance and Privilege taxes were reduced during the 1990s is obvious. The trend in harvest tax dollar revenue in 2024 adjusted dollars depicted in Figure 3 reveals starkly how the revenue has

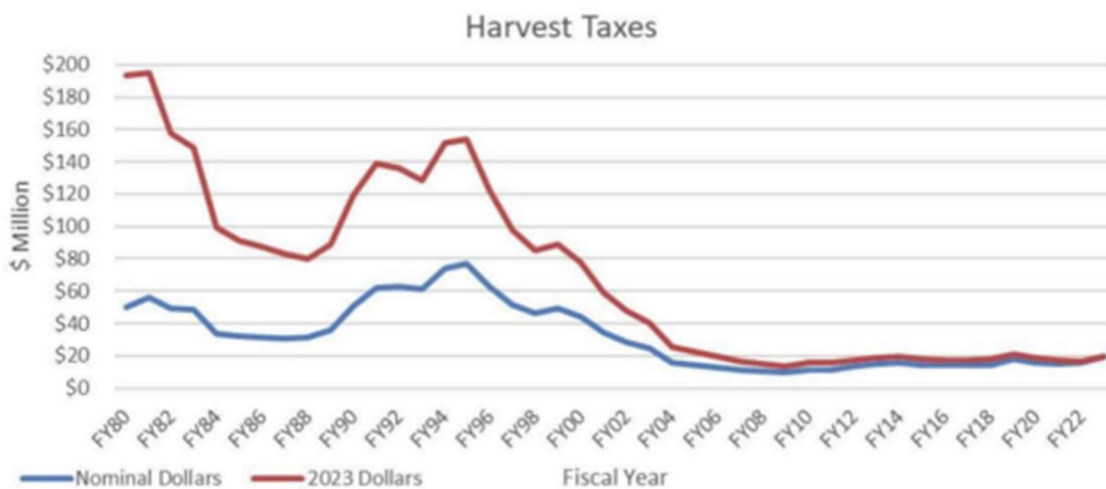


Figure 3 Trend in Oregon Harvest tax revenues in nominal and 2024 adjusted dollars (Wiser 2024)

dropped.

In discussion, during the 2024 Oregon Legislative Session, of the problem of paying for forest fires Davis (2024) pointed out that “In the 1990s, Oregon’s powerful timber industry used its influence to win a series of tax cuts that have cost local governments a cumulative \$3 billion.” He added that “Once-vibrant communities were left struggling to pay for basic services without the taxes that once came from logging the valuable forests that surround them.” Several years earlier, reporting on the loss of tax revenue during the 1990s, Schick and Davis (2020) reported that “Oregon lowered taxes and maintained weaker environmental protections on private

Revenue From Severance Tax Payments to Oregon's Western Counties Has All but Vanished

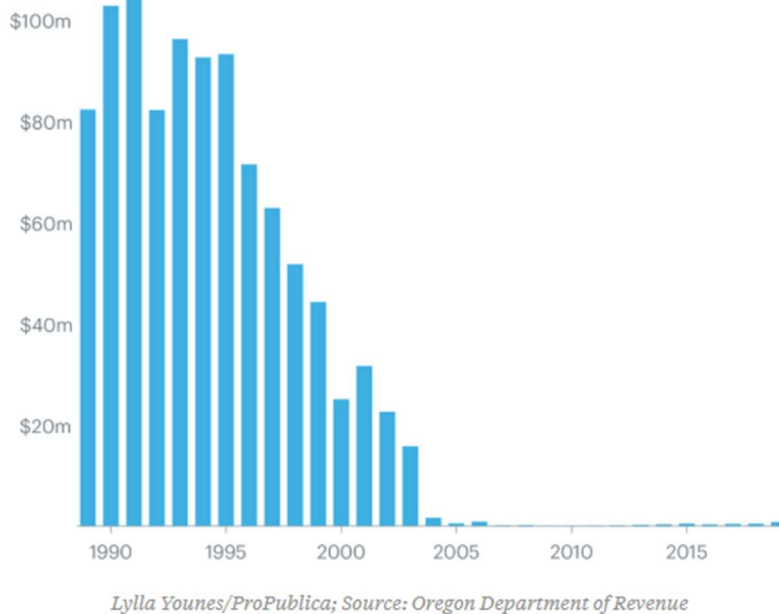


Figure 4. Trend in Oregon Severance tax revenue form the 1990s. (from Schick and Davis 2020)

forestlands than neighboring states in exchange for jobs and economic investment from the timber industry.” Despite lower taxes, Profita (2022) stated that “Logging on Oregon’s state forests produced more than \$97 million for county and state governments this year, according to the Oregon Department of Forestry.”

The specific trend for Severance tax is illustrated in Figure 4 which shows clearly how Oregon counties have suffered since the

successful timber company campaign to reduce their tax responsibility since the mid-1990s. Schick and Davis (2020) pointed out that in 2018, the severance tax would have raised \$130 million dollars instead of the paltry sum depicted. Meanwhile, had Oregon imposed the California system, the state would have received \$59 million, and if the Washinton system, \$91 million. Meanwhile, the same authors (Schick and Davis, 2020) reported: “The total value of timber logged on private lands since 1991 is approximately \$67 billion when adjusted for inflation, according to an analysis of data from Oregon’s Department of Forestry. If the state’s severance tax had not been phased out, companies would have paid an estimated \$3 billion during the same period. Instead, cities and counties collected less than a third of that amount, or roughly \$871 million. The phasing out of the severance tax has clearly cost Oregon’s counties dearly.

An important factor to recall is that Oregon’s forests are not family-owned. Indeed, Baumhardt (2024) noted that “As of 2020, at least 40% of private forests in Oregon are owned by investment companies, according to an analysis from ProPublica, Oregon Public Broadcasting and The Oregonian/OregonLive.” The entities owning a substantial proportion of our privately-owned forests are managed out-of-state by Timber Investment Management Organizations (TIMOs) and Real Estate Investment Trusts (REITs). This means that many of the taxes imposed on harvesting trees are not paid by Oregonians but by investors across the nation and overseas.

We are very conscious that Oregon counties have suffered from the substantial reduction in revenue raised from various timber taxes. We note favorably that HB3489 does not target small woodlot owners since it states (OLIS 2025): “(5)(a) The first 25,000 feet, board measure, of timber harvested annually by any taxpayer during each calendar year, regardless of the species or variety of the trees, shall be excluded from the total quantity of timber subject to the tax imposed under this section.” We also note favorably, that the bill has a sliding scale in the percent imposed such that larger landowners pay more. Since we are concerned about how forests are managed, we also note favorably that sustainable management is encouraged by establishing a 50% rate reduction for forests that are managed sustainably and certified by the Forest Stewardship council.

In terms of the allocation of funds generated by this severance tax, we approve the plan to distribute the funds as follows: 40 percent to the Wildfire Management Fund, 40 percent to the general fund of each county, 10 percent to the State Forestry Department Account, 5 percent to the Forest Research and Experiment Account, 5 percent to the Watershed Conservation Grant Fund.

For the above reasons Southern Oregon Climate Action Now urges support for HB3489.

Respectfully Submitted

A handwritten signature in black ink that reads "Alan Journet". The signature is fluid and cursive, with the first name "Alan" and last name "Journet" clearly distinguishable.

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