

Submitter:	Kenneth Larson
On Behalf Of:	rural Oregon
Committee:	House Committee On Revenue
Measure, Appointment or Topic:	HB3489

- Oregon's timber Severance Tax was eliminated for all but the smallest landowners in 1999. The tax was a fee on the value of trees logged by private timber owners, and it helped fund local governments and schools.

The elimination of the severance tax has led to:

- Tax cuts for private forest owners
- Loss of an estimated \$3 billion in revenue over three decades
- Less money for local governments
- Fewer jobs in rural communities

Private timber owners used to pay a severance tax, based on the value of the trees they logged. The tax, which helped fund schools and local governments, was eliminated for all but the smallest timber owners.

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. Timber once employed 1 in every 10 working Oregonians and pumped over \$120 million per year into schools and county governments through severance and property taxes. Now, it employs 1 in every 50 working residents and pays about \$25 million in severance and property taxes that go directly back to communities.

The timber industry is no longer the economic backbone of rural Oregon. It pays a fraction of the cost it used to incur for labor and insurance all while reaping the benefits of no severance tax.

The balance needs to be corrected.
support HB 3489.