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On Behalf Of:

Committee: House Committee On Revenue

Measure, Appointment or Topic: HB3489

Every few years, Oregon decides to rural timber owners. Past actions have caused local mills to close, lost jobs in manufacturing, repair, loggers, & machine workers to just name a few. HB 3489 continues the assault on rural residents & private timber owners.

Economic Burden on Timber Industry and Rural Communities:

1. Increased Costs for Timber Owners: The severance tax, based on forestland acreage and timber pond value, could significantly raise costs for timber companies and landowners. Opponents argue this added financial strain may discourage logging, reducing industry profitability.

2. Job Losses and Mill Closures: High taxes and regulatory burdens are already closing local sawmills, leading to job losses in rural Oregon. The Taxpayers Association of Oregon notes that HB 3489 exacerbates this trend, threatening livelihoods in timber-dependent communities. For example, mill closures reduce local employment and economic activity, as seen in areas like Roseburg and Coos Bay.

3. Impact on Small Landowners: Small forestland owners will face disproportionate challenges due to limited resources to absorb new tax costs, potentially forcing them to sell land or cease operations.

Reduced Timber Harvesting Increases Wildfire Risk:

1. Forest Management Concerns: The Taxpayers Association of Oregon and Oregon Forest Forever argue that reduced logging due to higher taxes leaves forests unharvested, accumulating dead and diseased trees that act as fuel for wildfires. Managed forests, through selective harvesting, are less prone to catastrophic fires compared to dense, untouched forests. HB 3489 could inadvertently increase wildfire risk by discouraging active forest management.

2. Loss of Fire Protection Funding: By eliminating the Oregon Forest Land Protection Fund and the Emergency Fire Cost Committee, the bill removes established mechanisms for funding wildfire suppression. Critics question whether the severance tax revenue will adequately replace these resources, potentially leaving rural areas vulnerable to fire risks.

Economic Ripple Effects:

1. Loss of Tax Revenue: Mill closures and reduced logging activity decrease local and state tax revenues, as fewer logs processed mean less economic output. This could strain public services in rural counties already facing budget constraints.

2. Impact on Related Industries: The timber industry supports trucking, equipment manufacturing, and other sectors. A decline in logging due to HB 3489 could harm these interconnected businesses, amplifying economic distress in rural Oregon.

Lack of Clarity and Stakeholder Input:

1. Uncertain Tax Structure: Critics argue that the severance tax's calculation (based on acreage and pond value) lacks transparency and could lead to unpredictable costs for timber owners. The bill's complexity may create administrative challenges for both taxpayers and the state.

2. Insufficient Industry Consultation: Timber industry representatives and rural stakeholders feel the bill was rushed without adequate input from those most affected. The public hearing on April 24, 2025, was a focal point for these concerns, with calls for more robust debate before voter referral.

Potential for Overreach and Inequity:

Disproportionate Impact on Rural Areas: Rural communities, heavily reliant on timber, bear the brunt of the tax's economic fallout, while urban areas may see less direct impact. This fuels perceptions of inequity in state policy-making.