

April 24, 2025

To: **Chair Representative Nancy Nathanson, House Committee On Revenue**

Re: [HB 3489-1](#) – Timber Severance Tax Request – **Support**

I am writing on behalf of the Environmental Caucus of the DPO. As an organization we strongly support taxation that will adequately prepare Oregonians against the increasing intensity and severity of wildfires that are occurring due to worsening climate change. We've all been impacted.

HB 3489-1 is just. Real Estate Investment Trusts (REITs) and Timber Investment Management Operations (TIMOs) own 64% or more of the private timberland in Oregon. They don't pay corporate or personal income taxes. They don't contribute adequately to the local county infrastructure that is needed for their operations. All of their profits are passed through to individual shareholders and taxed in their respective states and many out of the country.

REIT's and TIMO's maximize corporate profit by logging more often on shorter cycles which harms local watersheds by increasing silting or landslides. They provide less biodiversity as most of the land never grows into fully developed forests. Given their corporate requirements they don't invest in local businesses (mills) and limit the number of direct employees which has resulted in a drop in the prior wage differential for loggers by using contractors.

This bill allows private forest owners who do pay corporate and private income a full 100% non-refundable tax credit on their timber income.

Rural county revenue crashed since the severance tax was abolished several decades ago with the promise of an increase in property tax that never materialized. This concept was worked on extensively by me and a team including League of Women Voters and Tax Fairness Oregon, reaching out to many counties to get their input. Many in private conversations were concerned that supporting the tax would anger timber companies who still own mills in their communities. This bill circumvents that issue as the private companies who invest in their communities would get a tax credit.

The Severance Tax distributions are a wise investment:

- One third goes to the **Department of Forestry** to administer and monitor the Forest Practices Act, for firefighting, and forestry research and education.
- We desperately need investment in community resilience in the form of creating defensible space around buildings and communities and upgrading buildings in the fire zone to resist combustion.
- Lastly, the counties in which the timber is cut would receive one third to use as they see fit filling holes in emergency response, mental health services and roads.

Lastly, we support this concept of a severance tax based on the value of timber harvested. The tax, also, is far easier to administer than the current Harvest tax that requires a complicated tax rate renewal every biennium.

This helps rural Oregon!