



April 24, 2025

TO: Members of the House Committee on Revenue

FR: Derek Sangston, Oregon Business & Industry

RE: Opposition to HB 3489

Chair Nathanson, Vice-Chair Reschke, Vice-Chair Walters, members of the House Committee on Revenue. For the record, I am Derek Sangston, policy director and counsel for Oregon Business & Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in opposition to HB 3489. By replacing Oregon's harvest tax with a severance tax, HB 3489 would single out and impose a massive new tax on an industry on which Oregon was built. This would be in addition to substantial tax increases Oregon has imposed on all businesses. Since 2019, Oregon's effective business tax burden has increased 33% and non-partisan groups like the Tax Foundation, which once ranked Oregon's tax competitiveness 9th now rank us 30th in the country. Oregon's corporate tax competitiveness now ranks 49th.

Based on Oregon's rising tax burden, we would argue that there is no industry in Oregon that deserves or could sustain to be singled out for new and additional taxation. This is certainly true, however, for Oregon's forest products industry. According to a recent EY study on the taxes imposed on it, Oregon's forest products industry already pays a substantial tax burden due to the numerous taxes already imposed upon it – including property taxes, income taxes, the Corporate Activity Tax, the harvest tax, and fire assessments.

As an industry that cannot simply adjust prices, HB 3489's severance tax would further increase the substantial burden already placed on this industry and only consume what is left of the little capital forest products companies have left to invest in workers, facilities, or local growth. This threatens activity in Oregon and could lead to more activity on land elsewhere.

For those reasons, I respectfully request this committee oppose HB 3489. Thank you for your consideration.

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