

House Revenue Committee  
Re: HB 3489 Amendment-1  
4-26-25

I'm a Small Woodland owner (SWO) who is very sensitive to the never ending escalation of forestry costs, which have risen over 112% over the past 30 years, yet log prices have only increased 29%. We are being financially squeezed out of existence, so I was shocked to learn that HB3489 Amendment-1 completely swaps out the original HB3489 bill and inserts entirely new language. This surprise switch, was no doubt intended to catch SWOs like myself by surprise and mute our testimonies prepared for the original HB3489.

I was particularly surprised to see;

- \* An 8-fold increase in Severance tax from today's Severance tax
- \* A 3-fold Severance tax increase from the original HB34389 bill
- \* Removal of OFRI funding out of the Severance tax and establishes it as a separate non-deductible "privilege tax".
- \* Forces SWOs into FSC certification, which is a highly political, expensive, and burdensome organization that does not promote the best forest practices that we follow. All of my SWO friends prefer their current OTFS certification system, which is non-political, has a reasonable cost, and has voluntary membership. I see no positive benefit provided by FSC.
- \* The credit for the income taxes paid on a harvest is supposed to be applied against the Severance tax, but this is meaningless, since none of my SWO friends have made money from harvests over the past 10 years.

I know very few of the proposed Amendment-1 Severance tax recipients (which are very different from the original HB3489 recipients) and I am very skeptical that they would better serve Oregon forestry than the current Severance tax recipients. Who decides which organizations will be funded with Severance tax funds and what will be their goals and objectives? Who will review their performance? Why doesn't the public get to be involved in this very important process that spends their tax dollars?

Being an SWO for over 20 years, I realize that we're a small part of a very competitive industry, which struggles with ever-rising costs, an erratic marketplace which significantly lags behind inflation, and a limited supply of logs.

Federal forest harvest was reduced some 90% 30 years ago due to the northern spotted owl, which has left most of their forest growth in the woods to accumulate the fuel load, while simultaneously depriving many mills of a reliable log supply. It's ironic to read that the spotted owl's decline is now thought to be caused by the barred owl, rather than forest harvests, but the Federal government is reluctant to recognize this finding and change policies.

Oregon sawmills are currently in a death spiral. Since the log supply in any given area is static, as a sawmill modernizes to increase output, the more it squeezes the operating margin of other mills. Eventually, non-competitive mills will have to close and fewer open mills means that most landowners will have to ship their logs further and further, until they eventually find it's not economical to pay to harvest and haul their logs. This eventually results in fewer mills available to process forest growth and so more trees will be left in the woods, accumulating fuel for the next catastrophic wildfire. We need to control the root cause of wildfires and the reduction in open sawmills by breaking this death spiral.

Sean M Hathaway  
Oregon City