

## Rural Citizens' Timber Tax Initiative Concept



**Goals: Revive the property tax on timber, address Small Tract Forestland program and re-direct OFRI funding to achieve the following:**

- Generate property tax funding for local jurisdictions,
- Revenue to address and prevent harm to forested watersheds and fund needs for water infrastructure, and
- Revenue to address threats to communities in fire hazard zones.

### Background

Compared with our neighboring state of Washington:

- Oregon has 39% more forestland
- Cuts 46% more timber, and
- Yet Washington collects roughly **3 times more in taxes when trees are cut than Oregon.**
- Washington's timber taxes go 80% to counties and 20% to the General Fund

The tax we have, the Forest Products Harvest tax (since 1947), goes to forest industry interests instead:

The Oregon Forest Research Institute, The Department of Forestry, OSU Forest Research Lab & the College of Forestry and to a fire-fighting fund.

In addition, our neighboring states are far more protective of water and fish than Oregon for:

- stream buffers
- steep slopes
- fewer property tax breaks for timber equipment, roads, culverts and homesites.

As the [OPB/Oregonian stories](#) have reported, Oregon's public sector is has been losing out. Counties reliant on forestland timber receipts are not collecting the taxes they deserve.

### Citizen Initiative Proposal:

**Severance Tax- Returns a severance tax to Oregon on the value of cut timber (not board feet) with a 6.5% rate.** (Previous rates were 12.5% and 6.5% in Western Oregon and 5% for Eastern Oregon. Washington State tax rate is 5%.)

**Tax applies to all timber cut in the state, including harvests from federal, state, local and all private forestland, except some tribal land.** (Same as for current Oregon Harvest Tax and Washington State severance tax.)

- No exemptions for special assessments – conservation, wildlife or sustainable forest programs as the bill has a 50% reduced tax incentive for best practices.
- Removes 25,000 board feet exemption.
- Follows Washington State for most rules, forms and values. (This is more efficient for timber producers and the Department of Revenue.)

**Distribution:**

- **60% -- returned to Counties in proportion to timber harvest from each county, to be distributed as property taxes.**
- **5% -- to develop a program for evaluation and enforcement of best forest practices for protection of drinking water within specific watersheds.** Funding to DEQ to work on site with water districts, landowners, watershed councils, and the community to develop and implement a program based on best available science.
- **20% -- Water infrastructure, treatment facilities, watershed improvements and land acquisition** to protect water intakes and drinking water resources – managed by Business Oregon as a grants program.
- **15% -- Community emergency preparedness in fire hazard zones** to include home hardening, defensible space, and smoke adaptation. Provision of information, technical assistance, grants and financial assistance to low income residents – managed by Oregon Housing and Community Services.

**50% reduction in tax as incentive for protection of rivers and streams from pollution** and to ensure the safety of homes and communities by not logging on steep, unstable slopes, not using broadcast toxic chemicals, and having growing cycle of more than 80 years. Subject to repayment if the land is sold for development within 3 years of harvest.

**Small Tract Forestland - Retain the Small Tract Forestland (STF) program only for those owners currently enrolled in the program.** When the property comes out of the program because of a transfer of ownership (to a trust, family member or purchaser) the owner who has benefitted from the STF program is responsible for paying the 10 years of outstanding property taxes upon transfer. (Note: the STF owner pays 20% of the property tax of a typical forestland owner and pays a special severance tax upon harvesting.)

**Oregon Forest Resources Institute Redirection of Funds- one half each to:**

- **Support outdoor education** for K-12 students, available to all schools in Oregon via the Department of Education's Outdoor School Education Fund
- **Working jointly with ODF, the DEQ will establish, enforce and administer the tax incentives program in this bill,** the Oregon Forest Practices Act, the Federal Water Pollution Control Act, and any additional technical assistance associated with the forest practice or water quality standards as required by rule or by order.