

## **CHAPTER 10. FOREST PRODUCTS HARVEST TAX**

A privilege tax of a specified rate per thousand board feet is assessed on timber owners when timber is harvested from private and public lands. The tax revenue is used primarily to support forestry research and to support the Oregon Department of Forestry in its efforts to fight forest fires and administer Oregon's Forest Practices Act.

The first 25,000 board feet of forest products harvested annually by any taxpayer during each calendar year through 2001 are excluded from taxation. For calendar year 2000, the tax rate was set at \$3.19 per thousand board feet of timber harvested, of which \$.67 was to support forestry research, \$1.08 was to administer Oregon's Forest Practices Act, \$.50 was for fire protection, \$.79 was for the Oregon Forest Resources Institute, and \$.15 was to fund Forestry Department assistance to non-industrial private forest landowners.

Receipts from the forest products harvest tax summed to \$21.8 million for the 1997–99 biennium.

### 10.001 FIRST 25,000 BOARD FEET

Oregon Statute: 321.015(6)

Sunset Date: 12-31-01

Year Enacted: 1953

1999 Exemption: 113 Million board feet

Total	
1999–01 Revenue Impact:	\$700,000
2001–03 Revenue Impact:	\$400,000

**DESCRIPTION:** The 1999 Legislature eliminated this exemption after December 31, 2001. The exemption provides that the first 25,000 board feet harvested by a taxpayer each year are exempt from the Forest Products Harvest Tax.

**PURPOSE:** To provide tax relief to small timber harvesters.

**WHO BENEFITS:** Until eliminated, all timber harvesters qualify for this exemption. Because the exemption represents a larger share of total timber harvested for small harvesters, small harvesters receive the largest benefit in percentage terms. In 1999, about 5,700 harvesters filed returns, with 4,500 of those reporting that they harvested during the year.

**EVALUATION:** Small harvesters gave up this exemption in favor of adding an element to the Harvest Taxes dedicated to small owner management assistance. [*Evaluated by the Forestry Department.*]