

CHAPTER 9. 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, to support the Oregon Department of Forestry in its efforts to fight forest fires and administer Oregon's Forest Practices Act, and to support forest-related education through the Oregon Forest Resource Institute.

For calendar year 2004, the tax rate was set at \$2.95 per thousand board feet of timber harvested, of which \$.67 was to support forestry research, \$0.79 was to administer Oregon's Forest Practices Act, \$.50 was for fire protection, and \$.99 was for the Oregon Forest Resources Institute.

Receipts from the forest products harvest tax are forecasted to be \$22.6 million for the 2003–05 biennium and \$12.8 million for the 2005–07 biennium.

9.001 FIRST 25,000 BOARD FEET

Oregon Statute: 321.015(5)

Sunset Date: None (The forest products harvest tax partially sunsets on 12-31-05.)

Year Enacted: 1953

2003 Exemption: 63 million board feet

	Total
2003–05 Revenue Impact:	\$400,000
2005–07 Revenue Impact:	\$400,000

DESCRIPTION: The 2003 Legislature reinstated the Forest Products Harvest Tax through December 31, 2005. This exemption provides that the first 25,000 board feet harvested by each taxpayer each year are exempt from the Forest Products Harvest Tax.

PURPOSE: To provide tax relief to small timber harvesters.

WHO BENEFITS: 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 2003, about 3,400 harvesters filed returns, with all reporting that they harvested during the year.

EVALUATION: Harvest taxes provide effective mechanism for funding programs important to the state and woodland owners. *[Evaluated by the State Forestry Department.]*