

CHAPTER 9. FOREST PRODUCTS HARVEST TAX

A 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.

In 2007, a tax rate of \$2.6906 per thousand board feet of timber harvested was set by the Legislature to be in effect for calendar years 2008 and 2009. Of this amount, \$0.92 provides support for forestry research; \$1.1456 funds administration of Oregon's Forest Practices Act; and \$0.625 benefits fire protection. An additional tax of \$0.89 per thousand board feet of timber harvested provides support for the Oregon Forest Resources Institute. The Institute's board of directors may increase this component of the tax annually to reflect inflation. The 2008 total tax rate of \$3.5806 per thousand board feet is an increase over the tax rate in effect during the 2007 calendar year of \$2.61 per thousand board feet of timber harvested.

Forest products harvest tax revenue is forecast to be \$23.0 million or the 2007–09 biennium. Revenue is forecast to be \$11.2 million for the 2009–11 biennium.

9.001 FIRST 25,000 BOARD FEET

Oregon Statute: 321.015(5)

Sunset Date: None (partial sunset of tax on 12-31-2009)

Year Enacted: 1953

Exemption: 72 million board feet in calendar year 2007

	Total
2007–09 Revenue Impact:	\$500,000
2009–11 Revenue Impact:	\$200,000

DESCRIPTION: This exemption provides that the first 25,000 board feet of forest products harvested by each taxpayer each year are exempt from the forest products harvest tax.

In 2007, the tax rates were changed for the portion of the forest products harvest tax supporting forestry research, administering Oregon’s Forest Practices Act and fire protection. These rates will sunset on December 31, 2009. (HB 2115)

PURPOSE: The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to provide tax relief to timber harvesters who, on an annual basis, harvest a small amount of timber.

WHO BENEFITS: All timber harvesters qualify for this exemption. Because the exemption represents a larger share of total timber harvested for small harvesters, they receive the largest benefit in percentage terms. In calendar year 2007, about 4,000 harvesters benefited from this exemption.

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