

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 to support forestry research, as well as 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 are excluded from taxation. For calendar year 1998, the tax rate was initially set at \$4.01 per thousand board feet, of which \$.55 goes for research, \$.50 for fire protection, \$.70 to administer Oregon's Forest Practices Act, \$.51 to the Oregon Forest Resources Institute, and \$1.75 for watershed improvement. The \$1.75 for watershed improvement was contingent in certain fish species not being listed on the Endangered Species List. With the listing of the coho salmon as endangered, the \$1.75 was repealed, reducing the total rate to \$2.26 per thousand board feet.

Receipts from the forest products harvest tax was \$16.0 million for the 1995–97 biennium.

10.001 FIRST 25,000 BOARD FEET

Oregon Statute: 321.015(5)

Sunset Date: None

Year Enacted: 1953

1997 Exemption: 165 Million board feet

Total	
1997–99 Revenue Impact:	\$700,000
1999–01 Revenue Impact:	\$700,000

DESCRIPTION: 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: 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 1997, about 9,500 harvesters filed returns, with 6,600 of those reporting that they harvested during the year.

EVALUATION: This provision effectively provides tax relief for small-scale timber harvesters. However, it also provides that relief to all other timber harvesters. It is thus not targeted well, as it includes a much larger group for which it provides tax relief. It would be more fiscally effective to limit the exemption only to small harvesters or to eliminate it altogether. *[Evaluated by the Forestry Department.]*