Testimony of sustainable economist Tom Bender to BOF re Goals of the Forest Management Plan revision:

Current ODF policies and actions are knowingly violating virtually all their legal mandates for Greatest Permanent Value, etc., ignoring and not making public to legislature or public that forest industry is using a loophole and paying ALMOST NO harvest taxes. What we need is NOT more cutting, but closing loopholes, raising tax rates to at least equal those in Washington, and moving from 40 year rotations to 240 year long rotations that triple wood production and increase net revenues EIGHT TIMES.

I request that:
* The loophole that permits timber harvests to be funneled through REITS and TIMOs to avoid 75-80% of timber taxes be eliminated.
* The loophole that permits export of unmilled logs be eliminated.
* Oregon harvest tax rates be raised to equal or exceed those in Washington State.
* That rotation lengths be changed from 40 years to 240 years to triple timber production and increase net revenues by c. 8X.

Support data:

1. Chuck Willer's analysis of the industry **avoiding 75-80% of harvest taxes** by funneling through REITS and TIMOs (tax-exempt organizations)

2. Just one of several Oregon Department of Revenue studies confirming the same: http://www.westernforesteconomists.org/wp-content/uploads/2015/03/Overhulser.pdf

3. My testimony to BOF in 2015 showing how they are in violation of their legal mandates, why long rotations are far more productive, that their staff showed them that *short rotations are bankrupting the Department* of Forestry,
etc.: http://www.tombender.org/factor10econarticles/GREATEST%20PERMANENT%20VALUE.pdf

And more detail: http://www.tombender.org/factor10econarticles/NEW%20FORESTRY%20LAWS.pdf

Please confirm receipt of this testimony by email.

Thank you,
Tom Bender

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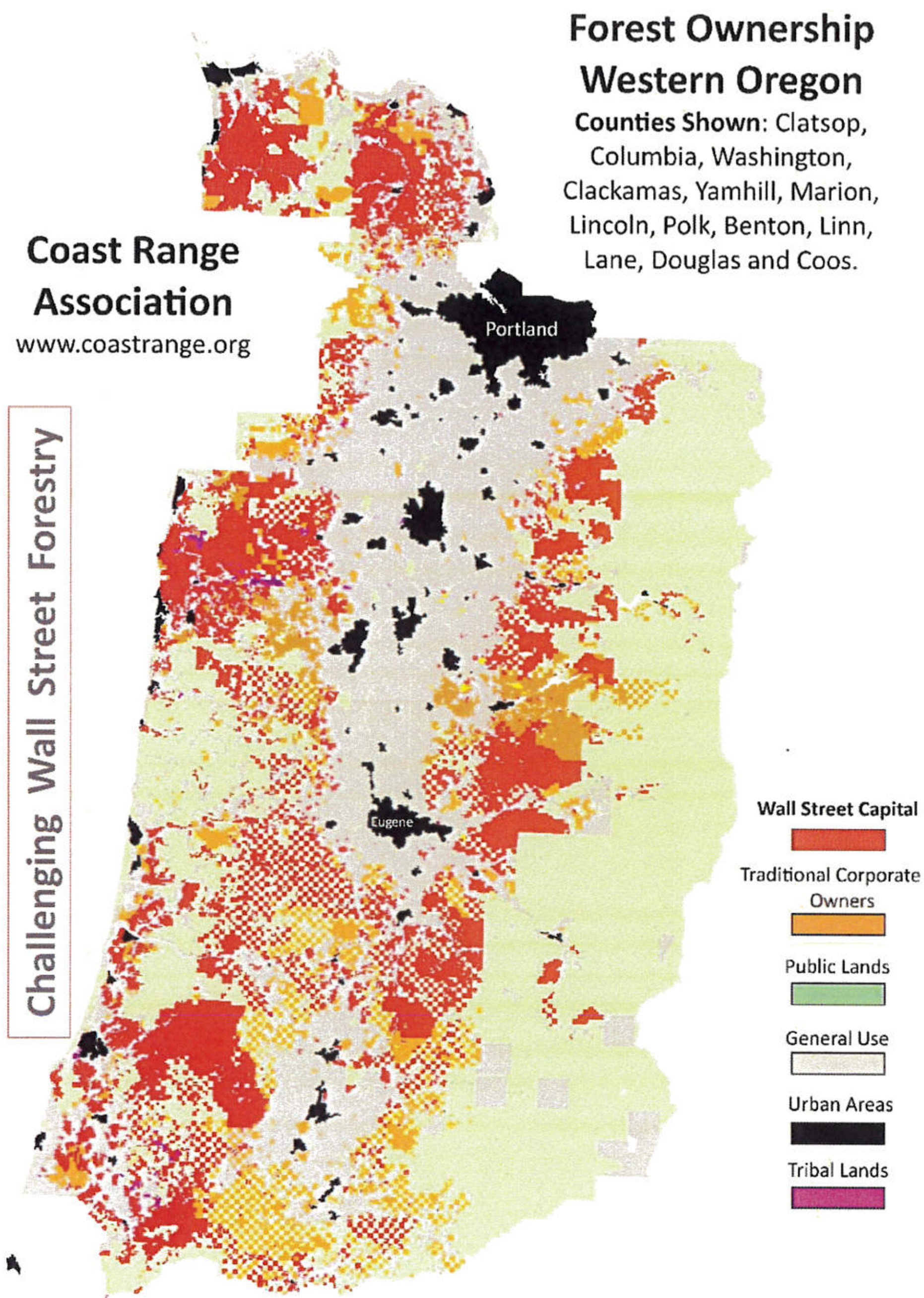
The Numbers Are Astounding:
A Colony Called Oregon

How much of Western Oregon forestland is controlled by tax exempt TIMOs and REITS?

To find out we analyzed real property data for all counties north of Curry, Jackson and Josephine counties (except Tillamook County) in Western Oregon. We coded each of 500,000+ real property parcels by one of six ownership types:

1. TIMO, REIT or investor owned LLCs (what we call Wall Street owned forests).
2. All other big corporate forest owners.
3. All remaining private land (small forest owner, agriculture, rural residential, etc.).
4. Cities: All land in Urban Growth Boundaries.
5. All public lands (Forest Service, BLM and state, county and city ownership).
6. Tribal owned lands.



What the Map Reveals

1. *Real Estate Investment Trusts* (REIT) and *Timber Investment Management Organizations* (TIMO) dominate private forest ownership in Western Oregon. The largest REIT is Weyerhaeuser. The largest TIMO is Hancock Timber Resource Group.

2. Away from the Willamette and Umpqua Valley's agricultural lands, rural residents are increasingly squeezed into less and less general use land (grey areas). Is there any wonder why property rights militancy and extreme views are on the rise?

With your support we will produce a ***Gated Lands II*** *report detailing who the current major corporate and Wall Street forest owners are for each county and list how many acres of land they own.* Make a generous donation today toward our important work. The truth must be known.

Property Taxes and the County Revenue Crisis

OK, the giant companies that control a majority of Oregon's most productive forests hardly pay state and federal income tax, but they do pay their fair share property taxes. Or do they? ***Hold on to your hat – because official data says otherwise.***

Remember, many counties are in a revenue crisis supposedly because federal timber harvests don't provide enough federal payments from timber cutting. Coos, Lane and Douglas counties cry the loudest. Newspapers and other media, including Oregon Public Television and Radio, play this story endlessly. Here are the unreported facts.

We took official data from the Department of Revenue and **compared two periods of time for corporate forest payments to local governments.** The first period was 1990 to 1995 and the second period was 2007 to 2012. Between those two periods, and in response to Ballot Measure 5 (1991), Oregon's political elite changed property tax law in ways few people realize. Briefly, in 1993 the Legislature eliminated most harvest tax on timber. In 1996 ballot Measure 47 was passed by voters changing property taxes. In response, the political elite believed they had to act because Measure 47 was poorly written and the state argued its effect on local tax revenues was unknown. Into a chaotic tax picture steps the timber industry to help craft Ballot Measure 50. Ballot Measure 50 was sponsored by the Oregon Legislature as an amendment to Oregon's constitution. In a special May, 1997 election, with only 42% of voters casting a ballot, Measure 50 passed with 56% of the vote. Which is to say that 23.4% of Oregon's voters transformed our forestland property tax system.

Among other things, Measure 50 froze local property tax rates into the constitution at 1996 levels. It further instructed the Legislature to create a new property valuation system. In 1999 House Bill 3575 was passed to implement Measure 50. HB 3575 phased out all remaining harvest tax on big corporate forestlands. It also implemented a new property valuation scheme. Under the new scheme, brace yourself, timberlands are now valued at 20% of their fair market value. Good grief! The industry's re-engineering of the property tax system resulted in drastically lower tax revenues paid by the timber industry to local government. **The mind blowing numbers are in the box below.**

Corporate Timber's Payments to Local Government: Western Oregon

(2016 Inflation adjusted constant dollars)

1990-1995 = $119.2 million per year or
$594.9 million during the five year period.

2007-2012 = $18.4 million per year or
$91.9 million during the five year period.

An 84.6% reduction

in corporate forest property tax!

(Yet, timber harvest only declined 15% between the two periods)

After the Northwest Forest Plan went into effect (1994), federal timber cutting decreased, but the federal government continued payments to replace previous federal timber profits. Of course, the counties that received the largest federal timber payments had unsustainably low property tax rates. With ballot Measure 50, the legislature locked those unsustainable rates into the constitution. Only through voter approved referendums can a local governments (county, city or special taxing district) increase taxes. In big timber country, the industry makes sure those measures fail. But even with higher tax rates, corporate timberlands will still pay almost nothing because of their 20% fair market value "special" assessment.

Here is what we will do next

(1) Continue our research on forest ownership. With your support we will produce a *Gated Lands II* report detailing who the major corporate and Wall Street forest owners are for each county and

list how many acres of land they own.
(2) With your support, we will issue a report on Oregon's unfair property tax system. Oregon property and forestland tax system can only be described as convoluted and opaque. There is a reason for its impenetrable structure: Hidden beneath layers of detail is an unjust system of taxation on behalf of Wall Street and corporate forest owners. The forest property tax system must be brought into the light of day. Your donation will make that possible.
(3) Building on previous CRA forest studies (i.e. our 1999 *Forests That Work* analysis), we will research concrete ways Oregon's corporate forests might be transformed for the benefit of people and communities. Land and tax reform is needed and timber market monopolies broken. These issues must be researched anew and placed into the political discussion.
(4) Lastly, little can happen without an honest accounting of Oregon's political economy. At a time of flat wages, student debt, and outrageous health care costs, the fact that big timber orchestrated huge, self-serving property tax breaks can only signal a deep political corruption hiding in plain sight. I believe our Oregon's political system has been compromised through a colonization by Wall Street capital and Oregon-based corporate power.

The work described above is important and compelling. At stake is the integrity of public lands and the future economic vitality of rural Oregon. Yet, no other advocacy organization addresses Wall Street forestry issues like the CRA. I urge you to make a generous donation today toward our ground breaking research. A better world is possible!

With appreciation,
Chuck Willer

Executive Director

PS. For most rural counties, the primary care facility for those with the mental health issues is the county jail. That is part of what the timber industry has wrought. Please make a generous donation today so we may ***challenge Wall Street forestry***.

OK, I'll donate to this important work