



The League of Women Voters of Oregon, established in 1920, is a grassroots nonpartisan political organization that encourages informed and active participation in government. We envision informed Oregonians participating in a fully accessible, responsive, and transparent government to achieve the common good. LWVOR Legislative Action is based on advocacy positions formed through studies and member consensus. The League never supports or opposes any candidate or political party.

Date: April 24, 2025

To: Chair [Representative Nancy Nathanson, House Committee On Revenue](#)

Re: [HB 3489-1](#) – Timber Severance Tax Request – **Support**

One of the League of Women Voters of Oregon’s top priorities for the 2025 session is to “*support funding for implementing community wildfire risk reduction programs designed to build neighborhood resilience*” and supports tax policy that “*generates adequate revenue for essential services while promoting equity and progressivity in tax policy based on the ability to pay, and that it be equitable, adequate, stable, easy to administer and as simple as possible. The League supports a tax system that recognizes the individual's responsibility for government services by providing for broad sharing of the tax burden.*”

With our current system of funding for fire services, we are concerned that the timber industry has not been paying its fair share of taxes in support of public services. Besides specially assessed property taxes and a hodge podge of capped large-fire suppression taxes based on acreage, they just pay the Forest Products Harvest Tax which is up again for renewal in this committee, and the rest falls on the General Fund taxpayers. In [our testimony on HB 2072](#), we suggested an alternative to that tax which closely resembles this amendment.

The proposed severance tax would replace the Forest Products Harvest tax (deleted “and other taxes” changed in the -1 revision) based on volume in thousand board feet with one flat 5% tax based on the value of the timber harvested as Washington has. **We support both the bill as introduced, and the recently posted -1 amendment. Both versions would bring in substantially more revenue to Oregon from those most able to pay, but we think this amendment is an improvement over the original bill.**

Many of the largest timber owners live out of state, and due to their tax structure as REITs (Real Estate Investment Trusts) Added: and TIMOs (Timber Investment Management Organizations), they pay no corporate income tax, which is Oregon’s main source of revenue. These Wall Street owners (one third of all private timber owners) would provide most of the severance tax revenue which is sorely needed by the counties that lost so much of their revenue stream when the previous severance tax was eliminated.

- The -1 puts a **5% flat tax** on the value of all timber harvested in Oregon **on both private and public land** (with the first 25,000 board feet untaxed, as in the Harvest Tax); this would mean low-quality, low-value lumber will be taxed less than more profitable high-quality Douglas fir and cedar.
- REITs pay no corporate income tax to Oregon for state services, but other private forest owners, who do pay Oregon income tax for fire protection and other services will get a full 100% non-refundable tax credit for severance taxes paid. These private forest owners tend to harvest on longer than 35-year plantation rotations (which increases carbon sequestration), and thin their forests periodically in order to reduce wildfire risk and to increase the value of their timber. Small woodland and rangeland owners and

commercial Oregon timber owners will benefit from paying less tax on their hard-to-market, poorer quality logs and for non-commercial thinning than they would pay with a tax based on volume with the current Harvest Tax.

Revenue distributions from the tax are:

- **One third** to the **Department of Forestry** to administer and monitor the Forest Practices Act, for fire suppression, forestry research and education (as in the current Harvest Tax)
- **One third** to the State Fire Marshal for community resilience and mitigation efforts
- **One third** to counties where the timber was harvested with no restrictions on their use

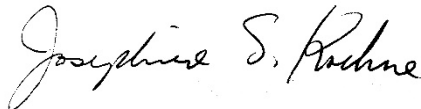
The timber industry needs to pay its fair share of taxes, just as other industry sectors do. The counties need to recover their special assessment property tax revenue as they once did before the severance tax was eliminated.

We support this concept of a severance tax based on the value of timber harvested. We see it as a fair, reasonable, clean and simpler tax system that is far easier to administer than the current Harvest Tax that requires tax rate renewals every biennium. We think it will make a big difference in funding wildfire resilience and suppression for the preservation of the millions of acres of Oregon forestland now under ever greater threat of wildfire.

Thank you for the opportunity to discuss this legislation with the -1 amendment.



Lisa Bentson
LWVOR President



Josie Koehne
LWVOR Forestry Portfolio

Cc: [Sen. Jeff Golden](#), [Rep. Mark Gamba](#)