



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.

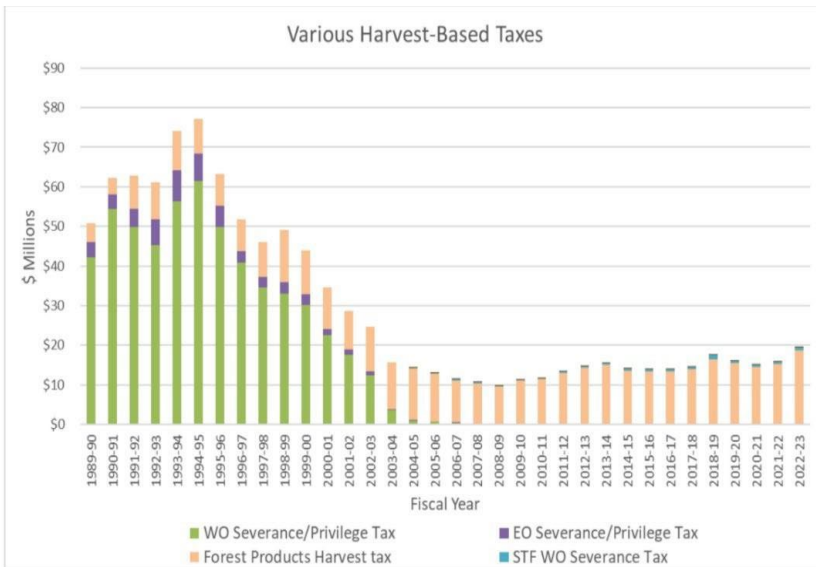
Date: April 24, 2025

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

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

One of the League of Women Voters of Oregon’s priorities for the 2024 session was to “support funding for implementing community wildfire risk reduction programs designed to build neighborhood resilience.” In 2025, our priorities clarified our focus:” **SUPPORT NATURAL RESOURCES** agency budgets that address water, land use and wildfire from border to border.” The League’s annual priorities are linked to our positions. In this case, we have strong positions around forestry and support wildfire bills that focus on community resilience.

In addition, LWVOR 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. Since the 1990’s, the severance tax that had been in place that supported county government was reduced, and in 1999, the Legislature passed a bill that phased out the severance tax paid by timber companies altogether over the course of three years although harvest production has been a steady 3.8 billion board feet annually since 2002. The recent chart below shows the decline in revenue collections from timber taxes since 1990. Besides specially assessed timber property taxes, they only pay the Forest

Products Harvest Tax which is up again for renewal in this committee. In [our testimony on HB 2072](#), we suggested an alternative to that tax which closely resembles this bill.

The proposed severance tax would replace the Forest Products Harvest tax based on volume in thousand board feet. The current harvest tax brings in only about \$16 million annually from the Oregon timber and wood products which generates more than \$18 billion in output (2016 figures and \$1.8 billion in base GDP).

The proposed tax on forestland owners (both public and private) in this bill is based on the pond value (price paid at the mill) at the time of harvest rather than on the number of board feet.

This tax would bring in substantially more revenue, closer to what Washington and California collect. They base their taxes on timber value, yet the value of Oregon's timber is worth far more ([\\$750-\\$1,100/ thousand board feet compared to Washington's at \\$375](#)). A [2020 OPB article](#) by Tony Schick reported "Oregon lowered taxes and maintained weaker environmental protections on private forestlands than neighboring states in exchange for jobs and economic investment from the timber industry. Despite such concessions, the country's top lumber-producing state has fewer forest-sector jobs per acre and collects a smaller share of logging profits than Washington or California."

If Oregon taxed timber owners as our neighbors do based on value, it would generate tens of millions of dollars more for local governments.

HB 3489 is a progressive tax; small timber owners will continue to harvest 25,000 BF annually tax-free, while the larger timber owners will pay at progressively higher rates:

The tax rate increases with the size of the land owner's total land holdings:

- Tax rate times the pond value for 500 acres or less is just 2%.
- For over 500 to 2500 acres, the rate would be 4%
- Over 2500 acres to 5000 acres, 5%
- Over 5000 acres, the tax is 6% and reduced to 5% if the timber harvested from over 500 acres in ownership is Forest Stewardship Council (FSC) certified (which provides great environmental, social, and economic benefits).
- Those ownerships under 5000 acres would have their rates reduced by half if they are FSC certified.

Many of the largest timber owners live out of state, and due to their tax structure as REITs (Real Estate Investment Trusts), they pay no state income tax, which is Oregon's main source of revenue. Forty percent of all private forest owners in Oregon are REITs. They 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. Revenue distributions from the tax are:

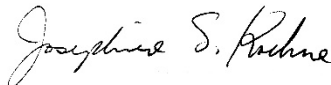
- **10%** to the **Department of Forestry** to administer and monitor the Forest Practices Act
- **40%** to a newly created Wildfire Management Fund
- **40%** to the General Fund that would be returned to counties where the timber was harvested in proportion to the pond values of their timber harvest.

We support this concept of a severance tax based on the value of timber harvested and see it as a fair and reasonable tax system. The timber industry needs to pay its fair share of taxes, just as other industry sectors do.

Thank you for the opportunity to discuss this legislation. We support the idea that this is a referral to the voters to let them decide whether or not they support this timber tax change.



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