

SENATE REVENUE COMMITTEE

January 20, 1999 - 3:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Senator Randy Miller, Chair

Senator Thomas Wilde, Vice Chair

Senator Lee Beyer

Senator Tom Hartung

Senator Charles Starr

Staff: Richard Yates, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

TAPE 008, SIDE A

005 Chair Miller Meeting called to order at 3:05 p.m.

Questioned why the Committee agenda requests 35 copies of testimony. Mr. Yates explained the 35 number provides the copies required by committee and staff; it also includes copies for the audience.

030 Richard Yates Continued with yesterday's presentation of highway fund taxes. Reviewed Equivalent Single Axle Loads (ESAL) and axle loads, (Page 23, Exhibit 1). The graphs show the importance of weight in terms of stress on the highway and how highway stress can be relieved by the use of additional axles.

062	Yates	Presented examples of cost allocations, (Pages 25-26, Exhibit 1).
145	Yates	Explained graphic and allocation process used in graphic, (Page 26, Exhibit 1).
190	Yates	Discussed the allocation of structures on rural roads, (Page 26, Exhibit 1).
371	Yates	Began presentation on timber taxes. Referenced and discussed the portion of the basic tax packet pertaining to the Timber Taxation Report #1-99. (Exhibit 2) The basic tax packet is updated each biennium by Legislative Revenue.

TAPE 009, SIDE A

028	Yates	<p>Presented a detailed overview on the taxation of forest property. (Exhibit 3)</p> <p>Of Oregon's approximate 28 million acres of forest land only about 60% generates tax revenue as such. Designated forest land in Oregon falls into three categories: 59% is productive land; commercially useful for growing trees, 23% is in restricted harvest areas and 18%, because of location, makes it timber land although it is not productive enough to be commercially feasible to operate as a forest.</p>
045	Yates	<p>Discussed ownership of the timber land in Oregon, (Page 2, Exhibit 3).</p> <p>The Department of Forestry uses site classings of 1-6, with the best, most productive land being site class 1. Graphs private lands site class, (Page 2, Exhibit 3).</p>
093	Yates	Continued with discussion of timber lands and the variables used to rate land. The best timber lands are on the west side of the State and the least productive timber lands are on the east side.
098	Yates	Discussed harvesting of forest lands in Oregon and the history, (Pages 4-5, Exhibit 3).
150	Yates	<p>Revenue sources and taxes were discussed in-depth, (Pages 5-8, Exhibit 3).</p> <p>Discussion and questions interspersed.</p>

223 Yates Continued discussion of the management of federal and state lands, (Pages 7-8, Exhibit 3).

Detailed the county trust lands and distribution of dollars; the counties must receive at least 10% to compensate for their activities in management of county forest trust lands. If there is anything left after the counties receive their share, 22.5% are designated to the county school funds. This distribution made sense prior to Measure 5, however with the major responsibility in school funding and equalization of school district expenditures being assumed by the State, this no longer makes sense.

273 Yates Discussed at length private timber taxes, (Pages 9-11, Exhibit 3).

The 1996-97 tax rates for timber is pre-Measure 50 and cannot be updated for the first year of Measure 50 because the data from the counties is not reliable.

390 Yates Explained, at length site classes, how they apply to timber land value and how the 1997 legislature changed valuation methods, (Page 10, Exhibit 3).

TAPE 008, SIDE B

025 Yates Continued discussion of site classes, how they apply to timber land value and how Measure 50 affected value.

A quirk in the Measure 50 law affects small tract option taxes. Pre-measure 50 small tract option taxes had their own value, which were slightly higher and at 100%. Computing, under Measure 50, the maximum assessed value for small tract option taxes becomes \$1,040/acre for the best land. Based on current law it is not likely that the maximum assessed values for small tract option taxes will ever limit the assessed values.

064 Yates Explained the forest products harvest tax, (Page 10, Exhibit 3).

124 Yates Briefed Committee on the history of the timber tax, (Page 12-13, Exhibit 3).

295 Yates Continued with review of the timber tax history.

378 Chair Miller Meeting adjourned at 4:21 p.m.

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Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. Orientation, Yates, Transportation slides, 28 pages
2. Orientation, Yates, Timber Taxation Report #1-99, 4 pages
3. Orientation, Taxation of Forest Property, 21 pages