

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

Public Hearing HB 2720, 2181, 2173, 2179, 2637

B, 121 A

House Committee on
State and School Finance
March 20, 1995 Page

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

HOUSE STATE AND SCHOOL FINANCE COMMITTEE

MARCH 20, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Rep. John Schoon, Chair
Rep. Ron Adams
Rep. Lee Beyer
Rep. Tony Federici, Vice Chair
Rep. Tim Josi
Rep. Jane Lokan
Rep. Anita Rasmussen
Rep. Ken Strobeck
Rep. Jim Welsh

Witnesses Present: Rep. Markham, District 46
Bert Udell, Oregon Small Woodlands Association, (OSWA)
Clyde Ramsey, OSWA
Lloyd Ronway, OSWA
Jim Denison, OSWA
Ilene Waldorf, OSWA
John Foster, OSWA
Joseph Misek, Oregon Department of Forestry
Doug Tystadt, Department of Forestry
George Brown, Oregon State University
Ward Armstrong, Oregon Forest Industries Council (OFIC)
Steve Jacky, Oregon Department of Forestry
Allen Willis, Boise Cascade
Don Rice, James River, Oregon Farm Bureau

Staff: James Scherzinger, Legislative Revenue Officer
Rhonda Wehler, Committee Assistant
Dick Yates, Legislative Revenue Office

TAPE 118 SIDE A
004 Chair Schoon -calls the meeting to order at 8:30 am and conducts administrative business
-OPENS PUBLIC HEARING ON HB 2720, 2181, 2173, 2179, 2637
HB 2720
017 Rep. Markham -stresses Forest Practices Act unfair to land owner
-summarizes HB 2720
Markham -explains land owners hire independent timber appraiser to determine value of timber required to remain unlogged
-value of that timber turned into tax credit for land owner when timber is logged
HB 2181
197 Jim Denison -explains landowners under Western Oregon Small Tract Option Tax (WOSTOT) program wanted to practice intensive forestry
-pay taxes annually on value of land, don't pay severance or privileged tax
-want two more years of funding for WOSTOT
289 Bert Udell -refers to Exhibit A, Written Testimony
-stresses unfair to quit WOSTOT now when members promised years ago they could harvest without severance tax
TAPE 119 SIDE A
043 Clyde Ramsey -notes he helped define WOSTOT program in 1955
-emphasizes small timber owner can't be taxed same as industry
118 Ilene Waldorf -refers to Exhibit B, Written Testimony, endorsing WOSTOT program
180 Dick Yates -explains approximation of accumulated amount would equal tax at time of harvest, 3.2% of harvest value

300 -general treatment for most timber land is combination of land value and timber value at time of harvest

309 -Department of Forestry determines value

353 Rep. Adams -refers to Exhibit C, Oregon Forest Land and Timber Taxes Assessment, to explain WOSTOT

TAPE 118 SIDE B

008 Yates -further explains value determined as if it were a sustained yield forest

058 John Foster -clarifies Western Oregon Forest Land and Severance Tax (WOFLAST) renamed as privileged tax

074 Waldorf -explains chart, page 2, Exhibit B, illustrating how privileged tax punishes timber owner for being productive

137 Foster -refers to Exhibit D, Written Testimony, supporting continuation of WOSTOT program

-stresses landowners enrolled in WOSTOT shouldn't have to pay severance tax, because they have been paying tax all along

-informs no volume on forest land for first 25 years of growth, then 900 feet per acre, per year

256 Foster -stresses if all tax options had been equitable initially, those with seedlings would benefit with severance tax, those with mature timber would be double taxed

301 All -questions and discussion

HB 2181

370 Joseph Misek -refers to Exhibit E, Written Testimony, supporting continuation of WOSTOT program

TAPE 119 SIDE B

006 -explains HB 2181 changes sunset dates from 1995-97

-refers to Exhibits E and F, explaining WOSTOT program

033 -explains concerns related to altering or eliminating the WOSTOT program

-agreement made in early 1960's between legislature and WOSTOT

-WOSTOT is incentive to land owner to produce more

150 -explains recommended changes in WOSTOT

-ownerships of less than 10 acres of forestland be removed as they change owners

-new acreage coming under WOSTOT be subject to severance tax on any harvests within five years

184 Doug Tystadt -explains five years determined to discourage those who would enter WOSTOT to avoid tax

202 Misek -further explains recommended changes in WOSTOT

-90-year harvest requirement be modified to allow exception if State Forester determines lands are actively managed

243 -explains reasons for large number of timber tax options

-policies developed to encourage landowners with different needs

276 -allows landowners to choose between programs

321 All -questions and discussion

TAPE 120 SIDE A

004 Misek -clarifies landowners currently enrolled in program can stay in it, as long as administration continues

050 Rep Beyer -suggests Department of Forestry recommendations be put in amendment form

HB 2173

081 Yates -overviews HB 2173

Yates -Forest Products Harvest Taxes are for general types of uses, industry related

119 George Brown -describes research program conducted by Oregon State University

-explains Exhibit J - Biennial Report 1992-1994 by Forest Research Lab, Exhibit K - Forestry Research Funding Sources, and Exhibit L - Effect of Inflation on Forest Research Lab, Harvest Tax Revenue (1970-1991)

186 Jim Denison -stresses OSWA supports research conducted by Forest Research Lab

200 Ward Armstrong -adds OFIC supports research program conducted by Forest Research Lab

223 Brown -explains specific areas of research program

251 All -questions & discussion

TAPE 121 SIDE A

022 Brown -explains if grants are not renewed, staff contracts terminate

HB 2179

044 Yates -summarizes HB 2179 sets Forest Products Harvest Tax rate for purposes of financing Oregon Forest Practices Act, industrial fire prevention program and cumulative effects study

093 Steve Jacky -refers to Exhibit Q, Written Testimony, supporting HB 2179

180 Ward Armstrong -agrees industry would fund 40% of cost of program

-for fire and fire related programs 50% is funded

-suggests referring bill to Ways and Means Committee

HB 2637

301 Vice Chair Federici -differentiates between silviculture and forest harvesting

-cottonwoods harvesting using pulp for paper is silviculture

339 Alan Willis -refers to Exhibit R, Written Testimony, supporting exemption of short rotation fiber farms from the Oregon Forest Products Harvest Tax

TAPE 120 SIDE B

011 -encourages do pass recommendation for HB 2637

020 Don Rice -refers to Exhibit S, Written Testimony, supporting HB 2637 and Oregon State University's research

050 -explains focus of James River Corporation is paper, not paperboard

-affirms not a taxation issue, but rather issue of land use laws

099 Vice Chair Federici -clarifies intent of legislature was to exempt fiber producers from Forest Products Tax as well as severance tax

-Department of Revenue recognized oversight

127 Yates -notes severance tax pertains to private lands only

-forest taxes apply to timber harvested from all forest lands

136 Acting Chair Adams -CLOSES PUBLIC HEARINGS ON HB 2173, 2179, 2181, 2637,
2720
-adjourns meeting at 11:30 am

Rhonda Wehler, Committee Assistant Kimberly Taylor James, Office Manager

Exhibit Summary

A. HB 2181, Udell, Written Testimony
B. HB 2181, Waldorf, Written Testimony, 3/20/95
C. HB 2181, Misek, Oregon Forest Land and Timber Taxes Assessment, 2/95
D. HB 2181, Foster, Written Testimony, 3/20/95
E. HB 2181, Misek, Written Testimony, 3/20/95
F. HB 2181, Misek, Research Report, 9/19/94
G. HB 2181, Misek, WOSTOT Background
H. HB 2181, Yates, Revenue Impact, 3/13/95
I. HB 2181, Yates, Staff Measure Summary
J. HB 2173, Brown, Biennial Report, Forest Research Laboratory, 1992-94
K. HB 2173, Brown, Forestry Research Funding Sources, 1993-94
L. HB 2173, Brown, Effect of Inflation on FRL, 1970-91
M. HB 2179, Yates, Revenue Impact, 3/15/95
N. HB 2179, Yates, Staff Measure Summary
O. HB 2179, Hannon, Written Testimony, 2/9/95
P. HB 2179, Yates, 1995-97 Governor's Recommended Budget
Q. HB 2179, Jacky, Written Testimony, 3/20/95
R. HB 2637, Willis, Written Testimony
S. HB 2637, Rice, Written Testimony, 3/20/95
T. HB 2637, Yates, Proposed Amendments, 3/7/95
U. HB 2637, Yates, Revenue Impact, 3/14/95
V. HB 2637, Yates, Staff Measure Summary
W. HB 2173, Yates, Revenue Impact, 3/13/95
X. HB 2173, Yates, Staff Measure Summary
Y. HB 2181, Foster, Final Report on WOSTOT, 9/94
Z. HB 2720, Yates, Revenue Impact, 3/18/95
AA. HB 2720, Yates, Staff Measure Summary
BB. HB 2179, Yates, Summary of Programs Funded
CC. HB 2181, Yates, Reforestation, 9/19/94
DD. HB 2275, Drake, Proposed Amendments 2275-3, 3/15/95
EE. HB 2275, Drake, Proposed Amendments 2275-4, 3/15/95