

Work Session HB 2438,
HB 2057
Tapes 70-71 A/B
HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
SUBCOMMITTEE ON INCOME
TAXATION

MARCH 29, 1993 9:00 AM HEARING ROOM 170 STATE CAPITOL
BUILDING

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Members Present: Representative John Schoon, Chair
Representative Ron Adams
Representative Tony Federici
Representative Delna Jones, Ex Officio
Representative Gail Shibley
Representative Greg Walden
Members Excused: Representative Greg Walden
Witnesses Present: Rick Main, Department of Revenue (DOR) Tom Roose,
Department of Revenue
Ed Kelly, Weyerhaeuser Paper Company
Ward Armstrong, Oregon Forest Industry Council (OFIC)
Staff: Richard Yates, Legislative Revenue Office
Mary Gottlieb, Committee Assistant

TAPE 070 SIDE A

001 CHAIR SCHOON called the meeting to order at 9:08.
018 DICK YATES provided an overview of HB 2438-2, Exhibit 1. This amendment
would phase out the severance tax on timber and identify "taxpayer" as the
owner. DICK YATES showed the committee where the changes occurred with
respect to the original HB 2438.
Discussion and questions.
103 DICK YATES pointed the committee's attention to page 2, lines 1 and 2
of the amendment, which are the changes made to lines 42 and 43, page 2, of
the bill.
199 DICK YATES turned to Section 6, which is line 22 of the amendment. This
section deleted lines 3 through 9 of the bill.
Discussion and questions.
307 DICK YATES responded to a question by REP. SHIBLEY by stating that a
small timber owner could elect both the small tract option and the credits
available under reforestation, but the owner would have to meet the
criteria.

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.

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TAPE 071 SIDE A

001 DICK YATES continued with his explanation of Exhibit 1.
Discussion and questions.
123 DICK YATES turned to page 12, Sections 19, 20, and 21, and stated that
these sections would be deleted and replaced by Section 19 of the
amendment, which states that DOR shall make a comparison of Western Oregon
forest land values as set forth in the ORS and real market values for the
same lands determined under the valuation chapters.

Discussion and comments.

228 CHAIR SCHOON asked the committee to look at the bottom of page 9 of HB 2438-2, which shows the value of the forest land acres. The values are certified to the counties by DOR, and these values go on the roll.

Discussion continued with Exhibit 1.

360 DICK YATES turned to line 6, page 10, would change the effective date of when indexing begins from 1995 to 1994. Page 19, line 11, deals with the repeal of the small tract option tax in Section 46.

TAPE 070 SIDE B

001 Discussion continues with DICK YATES and Exhibit 1.

109 DICK YATES responded to a question by REP. SHIBLEY by stating that land can be classified under small tract option, declassified as small tract option, and then reclassified.

160 CHAIR SCHOON recessed at 10:16 and reconvened at 10:55.

164 CHAIR SCHOON conducted administrative business.

Discussion and questions with regard to HB 2438-2.

275 DICK YATES stated that if an owner has income from other sources and has 100 acres of forest land with immature timber, then the cost of that immature timber can be written off against the income from other sources.

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TAPE 071 SIDE B

001 The committee continued discussion on HB 2438-2, Exhibit 1.

036 TOM ROOSE (with RICK MAIN) addressed the issue of "taxpayer" identification by stating that the identification becomes clearer closer to the time of harvest. Washington's law is similar to Oregon. However, Oregon's current law states that the "taxpayer" is the owner at the time of harvest.

Discussion and questions.

133 RICK MAIN discussed the fairness of the timber tax system. When looking at the entire system of setting timber values and using the market for these values, the state has a very fair system. The system becomes more fair when every timber owner pays their share.

Discussion and questions.

164 DICK YATES offered an explanation of a "privilege tax," which is a harvest tax in lieu of the property tax on federal land.

180 ED KELLY provided information with regard to Washington's timber tax and how it compares to Oregon.

Discussion and questions.

228 TOM ROOSE explained that DOR is heavily reliant on the permit system. DOR takes considerable effort to collect material and information annually and confirm that this material is correct.

Currently, there are many laws that regulate what a person must do to keep accountability of logs. Once logs get comingled in rafts or yards, it is very difficult to maintain and track the identity of the logs from the act of cutting them in the woods to where they are finally processed.

271 CHAIR SCHOON adjourned the meeting at 11:30.

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Mary Gottlieb, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. HB 2438-2, Proposed Amendment to HB 2438, Dick Yates,
Legislative Revenue Office.

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