

A-Engrossed
House Bill 2270

Ordered by the House July 4
Including House Amendments dated July 4

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Kate Brown for Department of Forestry)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Extends privilege taxes on merchantable forest products harvested on forestlands.
Clarifies law providing for annual indexing of maximum rate of forest products harvest tax, revenue from which is dedicated to funding Oregon Forest Resources Institute.
Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to forest products harvest taxation; creating new provisions; amending ORS 321.015 and
3 321.017; prescribing an effective date; and providing for revenue raising that requires approval
4 by a three-fifths majority.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 321.015 is amended to read:

7 321.015. (1) For the calendar years beginning January 1, [2016] **2018**, and January 1, [2017]
8 **2019**, there is levied a privilege tax of 90.00 cents per thousand feet, board measure, upon taxpayers
9 for the privilege of harvesting of all merchantable forest products harvested on forestlands. Subject
10 to ORS 321.145, the proceeds of the tax shall be transferred as provided in ORS 321.152 (2) to the
11 Forest Research and Experiment Account for use for the forest resource research, experimentation
12 and studies described in ORS 526.215 and for the Forest Research Laboratory established under ORS
13 526.225.

14 (2) Except as provided in ORS 477.760, in addition to the tax levied by subsection (1) of this
15 section, there is levied a forest products harvest tax upon taxpayers of 62.5 cents per thousand feet,
16 board measure, for the privilege of harvesting all merchantable forest products harvested on
17 forestlands for the payment of benefits related to fire suppression as provided in ORS 321.005 to
18 321.185, 321.560 to 321.600 and 477.440 to 477.460.

19 (3) For the calendar years beginning January 1, [2016] **2018**, and January 1, [2017] **2019**, in ad-
20 dition to the taxes levied under subsections (1) and (2) of this section, there is levied a privilege tax
21 upon taxpayers for the privilege of harvesting all merchantable forest products harvested on
22 forestlands in the amount of [110.37] **156.61** cents per thousand feet, board measure, for the purpose
23 of administering the Oregon Forest Practices Act in an amount not to exceed 40 percent of the total
24 expenditures approved by the Legislative Assembly for this purpose, including salary adjustments
25 approved by the Legislative Assembly for fiscal years [2016 and 2017] **2018 and 2019**.

26 (4) For the calendar years beginning January 1, [2016] **2018**, and January 1, [2017] **2019**, in ad-

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 dition to the taxes levied by subsections (1) to (3) of this section, there is levied a privilege tax of
 2 10 cents per thousand feet, board measure, upon taxpayers for the privilege of harvesting all
 3 merchantable forest products harvested on forestlands. Subject to ORS 321.145, the proceeds of the
 4 tax shall be transferred as provided in ORS 321.152 (5) to the subaccount established pursuant to
 5 ORS 350.520 for use by Oregon State University for the purpose of making investments in profes-
 6 sional forestry education at the College of Forestry.

7 (5) Subject to subsection (6) of this section, the taxes shall be measured by and be applicable to
 8 each per thousand feet, board measure, on the total quantity of forest products harvested in this
 9 state measured by use of any log scale which is or may be in general use in the logging industry
 10 and which is designed to measure total volume of merchantable forest products in board feet. How-
 11 ever, if the Department of Revenue finds that the scale used by any taxpayer in computing the taxes
 12 due under ORS 321.005 to 321.185 and 321.560 to 321.600 does not accurately reflect the total
 13 quantity of merchantable forest products harvested by the taxpayer, it may require the taxpayer to
 14 adopt another log scale in general use in the industry which in the department's opinion will accu-
 15 rately reflect merchantable harvest in board feet.

16 (6) The first 25,000 feet, board measure, of forest products harvested annually by any taxpayer
 17 during each calendar year shall be excluded from the total quantity of harvested forest products that
 18 constitutes the measure of the taxes under ORS 321.005 to 321.185 and 321.560 to 321.600.

19 **SECTION 2.** ORS 321.017 is amended to read:

20 321.017. (1) In addition to the taxes levied under ORS 321.015 (1) to (4), there hereby is levied
 21 a privilege tax upon taxpayers on the harvesting of all merchantable forest products harvested on
 22 forestlands in the amount provided in subsection (2) of this section.

23 (2) The rate of tax levied in subsection (1) of this section shall be established annually at the
 24 beginning of each calendar year by the board of directors of the **Oregon Forest Resources** Insti-
 25 tute, at a rate not to exceed 75 cents per thousand feet, board measure, *[on all merchantable forest*
 26 *products harvested on forestlands. The maximum tax rate prescribed by this subsection may be in-*
 27 *creased by the board of directors in an amount equal to the previous year's increase in]* **adjusted**
 28 **annually for inflation since 1991 based on** the Consumer Price Index (Portland area -- all items)
 29 as published by the Bureau of Labor Statistics of the United States Department of Labor for the
 30 Portland, Oregon, area.

31 (3) The tax shall be measured by and be applicable to each per thousand feet, board measure,
 32 and such shall be subject to and determined by the procedures and provisions of ORS 321.015 (5)
 33 and (6).

34 (4) The tax levied by subsection (1) of this section shall be due and payable to the Department
 35 of Revenue in the manner and procedure, including penalties and interest, as set forth for the col-
 36 lection of the privilege tax in ORS 321.005 to 321.185.

37 (5) The revenue from the tax levied by subsection (1) of this section shall be remitted to the
 38 State Treasurer who shall deposit it in a suspense account established under ORS 321.145 (1). After
 39 payment of refunds, which shall be paid in the same manner as other forest products harvest tax
 40 refunds are paid in ORS 321.145 (2), the balance of the additional tax imposed under subsection (1)
 41 of this section shall be deposited in the Oregon Forest Resources Institute Fund.

42 **SECTION 3. Notwithstanding any law or rule to the contrary, the Legislative Assembly**
 43 **hereby ratifies and declares valid any tax rate adopted before March 31, 2017, by the board**
 44 **of directors of the Oregon Forest Resources Institute under ORS 321.017 for any calendar**
 45 **year beginning before the effective date of this 2017 Act.**

1 **SECTION 4. This 2017 Act takes effect on the 91st day after the date on which the 2017**
2 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**
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