

CHAPTER 31

AN ACT

HB 4055

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

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

SECTION 1. ORS 321.015 is amended to read:

321.015. (1) For the calendar years beginning January 1, [2020] **2022**, and January 1, [2021] **2023**, there is levied a privilege tax of 90.00 cents per thousand feet, board measure, upon taxpayers for the privilege of harvesting of all merchantable forest products harvested on forestlands. Subject to ORS 321.145, the proceeds of the tax shall be transferred as provided in ORS 321.152 (2) to the Forest Research and Experiment Account for use for the forest resource research, experimentation and studies described in ORS 526.215 and for the Forest Research Laboratory established under ORS 526.225.

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

(3) For the calendar years beginning January 1, [2020] **2022**, and January 1, [2021] **2023**, in addition to the taxes levied under subsections (1) and (2) of this section, there is levied a privilege tax upon taxpayers for the privilege of harvesting all merchantable forest products harvested on forestlands in the amount of [138.72] **207.02** cents per thousand feet, board measure, for the purpose of administering the Oregon Forest Practices Act in an amount not to exceed 40 percent of the total expenditures approved by the Legislative Assembly for this purpose, including salary adjustments approved by the Legislative Assembly for fiscal years [2020 and 2021] **2022 and 2023**.

(4) For the calendar years beginning January 1, [2020] **2022**, and January 1, [2021] **2023**, in addition to the taxes levied by subsections (1) to (3) of this section, there is levied a privilege tax of [10] **21** cents per thousand feet, board measure, upon taxpayers for the privilege of harvesting all merchantable forest products harvested on forestlands. Subject to ORS 321.145, the proceeds of the tax shall be transferred as provided in ORS 321.152 (5) to the subaccount established pursuant to ORS 350.520 for use by Oregon State University for the purpose of making investments in professional forestry education at the College of Forestry.

(5) Subject to subsection (6) of this section, the taxes shall be measured by and be applicable to each

per thousand feet, board measure, on the total quantity of forest products harvested in this state measured by use of any log scale which is or may be in general use in the logging industry and which is designed to measure total volume of merchantable forest products in board feet. However, if the Department of Revenue finds that the scale used by any taxpayer in computing the taxes due under ORS 321.005 to 321.185 and 321.560 to 321.600 does not accurately reflect the total quantity of merchantable forest products harvested by the taxpayer, it may require the taxpayer to adopt another log scale in general use in the industry which in the department's opinion will accurately reflect merchantable harvest in board feet.

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

(7)(a) Not later than March 10 of each odd-numbered year, the Legislative Assembly shall begin considering the biennial forest products harvest tax rates levied under subsections (1), (3) and (4) of this section.

(b) Upon request of the Legislative Revenue Officer or the Legislative Fiscal Officer, the State Forestry Department shall provide the respective officers with relevant timber harvest data for the purposes of paragraph (a) of this subsection.

SECTION 2. The amendments to ORS 321.015 by section 1 of this 2022 Act apply to merchantable forest products harvested before, on or after the effective date of this 2022 Act.

SECTION 3. Not later than January 15, 2023, the Legislative Revenue Officer shall submit, in the manner provided in ORS 192.245, a report on the forest products harvest tax to the interim committees of the Legislative Assembly related to revenue.

SECTION 4. Section 5 of this 2022 Act is added to and made a part of ORS 321.005 to 321.185.

SECTION 5. (1) In addition to the taxes levied under ORS 321.015 and 321.017, there is levied a privilege tax upon taxpayers on the harvesting of all merchantable forest products harvested on forestlands in the amount provided in subsection (2) of this section.

(2)(a) Except as provided in paragraph (b) of this subsection, at the beginning of each calendar year, the Department of Revenue shall set the tax levied under subsection (1) of this section at a rate estimated to collect \$2.5 million per year.

(b) Beginning with the first January following the issuance of an incidental take permit by

the federal National Marine Fisheries Service or the United States Fish and Wildlife Service, pursuant to the federal Endangered Species Act (16 U.S.C. 1531 to 1544), that is consistent with the terms of the Private Forest Accord Report dated February 2, 2022, and published by the State Forestry Department on February 7, 2022, the Department of Revenue shall set the tax at a rate estimated to collect \$5 million per year.

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

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

(5) The revenue from the tax levied under subsection (1) of this section shall be remitted to the State Treasurer who shall deposit it in a suspense account established under ORS 321.145 (1). After payment of refunds, which shall be paid in the same manner as other forest products harvest tax refunds are paid under ORS 321.145 (2), the balance of the additional tax imposed under subsection (1) of this section shall be deposited in a subaccount of the Oregon Conservation and Recreation Fund related to funding mitigation of the effects of forest practices, as defined in ORS 527.620, on aquatic species.

SECTION 6. (1) Section 5 of this 2022 Act applies to calendar years beginning on or after January 1, 2023, and ending on December 31 of the earlier of the tax years in which:

(a) A cumulative total of at least \$250 million of revenue from the tax imposed under section 5 of this 2022 Act has been collected by the Department of Revenue; or

(b) The incidental take permit described in section 5 (2)(b) of this 2022 Act is for any reason revoked or invalidated or otherwise withdrawn pursuant to a final order, judgment or other decision that is not subject to further review or appeal.

(2) The Director of the Department of Revenue shall notify the Legislative Counsel and the Legislative Revenue Officer as soon as practicable following the end date of the tax described in subsection (1) of this section.

SECTION 7. Section 5 of this 2022 Act is repealed on January 2, 2028, unless, before January 1, 2028, the National Marine Fisheries Service or the United States Fish and Wildlife Service, pursuant to the federal Endangered Species Act (16 U.S.C. 1531 to 1544):

(1) Approves a habitat conservation plan consistent with the terms of the Private Forest Accord Report dated February 2, 2022, and published by the State Forestry Department on February 7, 2022; and

(2) Issues an incidental take permit related to the habitat conservation plan.

SECTION 8. If chapter 33, Oregon Laws 2022 (Enrolled Senate Bill 1501), does not become law, section 5 of this 2022 Act is repealed.

SECTION 9. This 2022 Act takes effect on the 91st day after the date on which the 2022 regular session of the Eighty-first Legislative Assembly adjourns sine die.

Approved by the Governor March 17, 2022
 Filed in the office of Secretary of State March 30, 2022
 Effective date June 3, 2022