

OREGON FOREST RESOURCES INSTITUTE FUNDING PRIMER



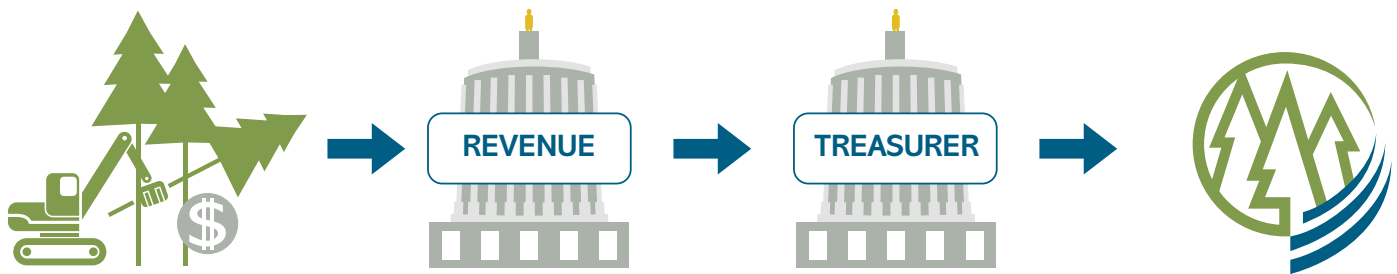
Oregon Forest
Resources Institute

Learn more at
OregonForests.org

The Oregon Forest Resources Institute (OFRI) is a state agency, created by the Oregon Legislature in 1991, to support Oregon's forest products industry and the wise stewardship of natural resources for the benefit of Oregonians (ORS 526.605). The State Forester appoints members of OFRI's governing board of directors and certifies that the agency's annual budgets are prepared and adopted in accordance with statute (ORS 576.416).

The agency does not receive state general fund money. Instead, revenue to support OFRI's K-12, landowner and public education programs comes from a portion of the Forest Products Harvest Tax (FPHT). This is a tax levied on forestland owners based on the amount of timber they harvest, and it is the agency's sole source of funding. Over the past decade, annual harvest tax revenues collected to fund the agency's budget have been between \$3.17 and \$4.04 million.

The OFRI Board of Directors determines the tax rate for the specific portion of the FPHT that is dedicated to funding the agency. The rate applies to each thousand board feet of timber harvested greater than 25,000, and is currently set at \$1.12. These tax revenues are collected by the Oregon Department of Revenue, transferred to the state treasurer, and then deposited into the OFRI Fund for agency operations. Tax revenue deposits to the OFRI Fund occur on a quarterly basis, and go up or down consistent with regular fluctuations in timber harvest activity.



Landowners or log purchasers pay FPHT on timber volume greater than 25,000 board feet. The current OFRI portion of the FPHT is \$1.12 per 1,000 board feet. This tax rate is set by the OFRI Board of Directors annually.

Harvest tax is collected by the Oregon Department of Revenue.

Tax revenues are sent to the state treasurer for distribution to harvest tax recipients.

The state treasurer transfers the revenue specifically collected for the Oregon Forest Resources Institute into the OFRI Fund on a quarterly basis.

Unlike most state agencies, where general funds are approved for a two-year budget period at the start of each biennium, OFRI is structured under a projected annual budget that relies solely on the quarterly receipt of FPHT revenues to support operations. Because FPHT projections are made a year in advance, actual revenues in any given quarter are not always adequate to cover actual quarterly expenditures. To viably manage its budget, OFRI maintains a continuous balance in the OFRI Fund to periodically draw from during quarters where FPHT revenues are less than quarterly expenditures. During quarters where FPHT revenues are greater than expenditures the OFRI Fund balance is replenished for future quarters.

¹ Complete details on the Forest Products Harvest Tax laws can be found at:
https://www.oregonlegislature.gov/bills_laws/ors/ors321.html