Senator Wayne Morse -2- January 18, 1968

It is therefore clear, that the export of logs is not a good thing for Oregon and Washington and that it is disastrous to many. Yet, there are a few who are in the unique position of being able to gain exceptional profits from this business. As an example, one timber-owning company exported in 1967 approximately 200 million feet. Another company sold in one block another 150 million feet.

One of the reasons it is profitable for the large timber-owning companies to export their logs is owing to a special tax privilege which was granted the industry in 1943. This privilege allowed profits on timber to be taxed at one half the regular rate, or a maximum of 25%. One of the main purposes of establishing this special rate was to encourage industry to practice sustained yield in the management of its timber resource so as to stabilize the economy of the communities. Obviously, the export of logs does not stabilize communities--it starves them of basic raw materials. And, as a result, the evidence is the junking of factories.

Senator Morse, I hope that your Committee will not only recommend legislation to curtail the export of logs, but also insist on immediate legislation to deny the advantage of capital gain treatment on timber harvested for export.

Yours very truly,

TIMBERLANE LUMBER CO.

E. H. Robbins

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General Manager