

74TH OREGON LEGISLATIVE ASSEMBLY
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE

MEASURE: HB 3364-A
CARRIER: Rep. Witt

REVENUE: Revenue statement issued

FISCAL: No fiscal impact

Action: Do pass as amended and be printed engrossed
Vote: 9-0-0
Yeas: Berger, Bruun, Butler, Gelser, Olson, Read, Rosenbaum, Witt, Barnhart
Nays:
Exc.:
Prepared By: Chris Allanach, Economist
Meeting Dates: 5/4, 6/7

WHAT THE BILL DOES: Expands the reforestation credit against personal income and corporate excise and income taxes to include in the base costs certain fees established by the State Forester. The eligible fees are those imposed by the State Forester to cover the necessary expenses incurred during the inspection and certification activities related to the reforestation program. Applies to tax years beginning on or after January 1, 2008. Sunsets the credit on December 31, 2022. Repeals the credit on January 2, 2028.

ISSUES DISCUSSED:

- Reforestation program
- 2005 Legislative action
- Timber subject to the reforestation program
- As per committee rules, the following metric was adopted for evaluating the credit:
 - Number of acres reforested under the program

EFFECT OF COMMITTEE AMENDMENTS: Changes the fee included in the base costs from the afforestation fee to the reforestation fee. Sunsets the credit on December 31, 2022. Repeals the credit on January 2, 2028

BACKGROUND:

The reforestation credit was created in 1979 and is equal to 50% of the qualified costs of reforesting underproductive commercial forestland. Eligible costs include site preparation, tree planting, and silviculture treatments, such as moisture, erosion and animal damage control. The taxpayer must own or lease at least 5 acres of Oregon commercial forestland and contribute at least \$500 to the project costs. In tax year 2005, roughly 175 personal income tax filers claimed total credits of \$365,000. Collectively they were able to reduce their liability by \$335,000, or \$2,000 per taxpayer. Very few corporations have used this credit.

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This summary has not been adopted or officially endorsed by action of the committee.