

REVENUE: Revenue statement issued  
FISCAL: No fiscal impact

---

**Action:** Without Recommendation as to Passage and Be Referred to the Committee on Tax Credits by  
Prior Reference  
**Vote:** 7 - 1 - 0  
**Yeas:** Boone, Cowan, Esquivel, Johnson, Schaufler, Sprenger, Clem  
**Nays:** Jenson  
**Exc.:** 0  
**Prepared By:** Beth Herzog, Administrator  
**Meeting Dates:** 2/25, 3/23

---

**WHAT THE MEASURE DOES:** Adjusts sunset of tax credit for reforestation from December 31, 2011 to December 31, \_\_\_\_\_. Removes deadline for filing written request for preliminary certification.

**ISSUES DISCUSSED:**

- Credit provided to landowner for conversion of under-producing land to a forest averages about \$182 per acre
- Projected tax returns on these lands are approximately \$1,000 per acre on a 50 year harvest rotation

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** A tax credit is allowed against personal or corporation income tax equal to 50 percent of the qualified cost of reforesting underproductive commercial forestland. To qualify, the taxpayer must pay a nonrefundable application fee for the initial application. The taxpayer must then have the Oregon Department of Forestry (ODF) preliminarily certify the project after planting is completed. The taxpayer can claim 25 percent of the qualified costs in the year the trees are planted. After two growing seasons, ODF must report to the Department of Revenue any plantings that are not established. If a project is not established after two years, the remaining second half of the tax credit cannot be claimed. If the project is not established because of reasons within the taxpayer's control, the tax credit previously claimed on preliminary certification must be returned. For plantings that are certified by ODF to be established after two growing seasons, the taxpayer may claim the remaining 25 percent of the initial cost, plus 50 percent of qualified maintenance costs.

The taxpayer must own at least five acres of commercial Oregon forestland, and the taxpayer's portion of project cost must be at least \$500 for the project to qualify for the tax credit. Qualified costs include the application fee and costs actually incurred for site preparation, tree planting, and other necessary silviculture treatments (such as moisture, erosion and animal damage control).