

**REVENUE:** Revenue statement issued

**FISCAL:** Minimal fiscal impact, no statement issued

---

<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Joint Committee on Tax Credits by Prior Reference
<b>Vote:</b>	5 - 0 - 0
<b>Yeas:</b>	Hass, Olsen, Prozanski, Thomsen, Dingfelder
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Beth Patrino, Administrator
<b>Meeting Dates:</b>	2/8, 3/17, 4/12

---

**WHAT THE MEASURE DOES:** Extends sunset of tax credit for reforestation to January 1, 2018. Removes deadline for filing written request for preliminary certification.

**ISSUES DISCUSSED:**

- History of credit
- Types of projects credit is used for
- Credit effectiveness

**EFFECT OF COMMITTEE AMENDMENT:** Sets sunset date for 2018.

**BACKGROUND:** A credit is allowed against personal or corporate income tax equal to 50 percent of the qualified cost of reforesting underproductive commercial forestland. To qualify, a taxpayer must pay a nonrefundable application fee (\$400 in 2010) 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 25 percent of the credit cannot be claimed. If the project is not established because of reasons within the taxpayer's control, the 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.

A 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 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). Qualified costs exclude costs associated with reforestation projects required under the Forest Practices Act, any portion of costs paid through federal or state cost-sharing programs, and costs for growing Christmas trees, ornamental trees, or shrubs. Costs associated with short-rotation hardwoods (such as cottonwoods) are not eligible. Senate Bill 320 A would extend this tax credit until 2018.

4/15/2011 8:43:00 AM

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