

# Senate Bill 1513

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## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes cost assistance program for reforestation of small woodlands following loss from catastrophic fire event. Establishes tax credit for reforestation of small woodlands following loss from catastrophic fire event.

Establishes Catastrophic Fire Reforestation Assistance Fund. Continuously appropriates moneys in fund to State Forestry Department.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to reforestation; appropriating money; and prescribing an effective date.

3       Whereas Oregon's richly diverse forests provide all Oregonians with vital products and amen-  
4 ities, including jobs, wildlife habitats, clean air and water and recreational opportunities; and

5       Whereas in 2013, wildfires on checkerboard Oregon and California Railroad Lands spread to  
6 intermingled private lands, destroying dense, overstocked public forests and neighboring state and  
7 private forests; and

8       Whereas proactive management of Oregon's dense and overstocked federal forestlands could  
9 minimize catastrophic wildfire events and reduce the risk to adjacent state and private lands; and

10       Whereas the loss of critical surface vegetation on a landscape scale as a result of catastrophic  
11 wildfire disasters leaves forestland slopes vulnerable to large-scale soil erosion and flooding during  
12 subsequent storm events, threatening the health and safety of downstream communities and natural  
13 resources; and

14       Whereas timely reforestation following a major catastrophic event to forest cover is crucial to  
15 maintaining forest ecosystems and deriving associated ecological, social and economic benefits; and

16       Whereas reforestation assistance in the aftermath of the catastrophic 2013 fire season would  
17 have aided landowners in rehabilitating extensive forestland while also quickly restoring the dev-  
18 astated environment and creating future high-paying private sector jobs; now, therefore,

19 **Be It Enacted by the People of the State of Oregon:**

20       **SECTION 1.** **Sections 2 and 3 of this 2014 Act are added to and made a part of ORS 526.450**  
21 **to 526.475.**

## CATASTROPHIC FIRE REFORESTATION ASSISTANCE FUND

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25       **SECTION 2.** **The Catastrophic Fire Reforestation Assistance Fund is established in the**  
26 **State Treasury, separate and distinct from the General Fund. Interest earned by the Cat-**  
27 **astrophic Fire Reforestation Assistance Fund shall be credited to the fund. Moneys in the**  
28 **fund are continuously appropriated to the State Forestry Department for the purpose of**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 carrying out section 3 of this 2014 Act and for department costs of administering the  
 2 reforestation tax credit program established under sections 5 and 6 of this 2014 Act.

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 4 **REFORESTATION COST ASSISTANCE PROGRAM**

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 6 **SECTION 3. (1) As used in this section:**

7 (a) "Catastrophic fire event" means a fire that:

8 (A) Results in the payment of moneys from the Oregon Forest Land Protection Fund to  
 9 reimburse emergency fire suppression costs; or

10 (B) Causes damage to at least 50 percent of the timber on the forestland of an eligible  
 11 owner to an extent that reforestation costs for the forestland exceed the salvage value of the  
 12 damaged timber.

13 (b) "Fire loss year" means a period of not more than 12 months, ending no later than  
 14 October 31 each year, identified by State Board of Forestry rule for the collective processing  
 15 of losses incurred during district fire seasons designated under ORS 477.505.

16 (c)(A) "Reforestation costs" means the labor, technical and other costs to log damaged  
 17 timber, remove fuel and dead overstory, prepare a site for replanting and replant forestland  
 18 in accordance with the standards adopted by the board for harvest type 3.

19 (B) "Reforestation costs" does not mean:

20 (i) Any expenses for which an eligible owner receives federal cost share assistance;

21 (ii) Any amounts paid or incurred to purchase or otherwise acquire forestland; or

22 (iii) The cost of purchase or other acquisition of tools and equipment with a useful life  
 23 of more than one year.

24 (2) If the State Forester declares that a catastrophic fire event has occurred on  
 25 forestlands, an eligible owner whose commercial forestland has incurred damage from the  
 26 catastrophic fire event may apply to the State Forester for a preliminary certificate for  
 27 reforestation cost assistance.

28 (3) To apply for reforestation cost assistance, an eligible owner must file a written re-  
 29 quest for a preliminary certificate with the State Forester between November 1 and Decem-  
 30 ber 31 of the year in which the loss from a catastrophic fire event occurred. The request  
 31 must include, at a minimum, a forest management plan for reforestation of the commercial  
 32 forestland, any information required by board rule and any additional information that the  
 33 State Forester considers necessary or useful to estimate the probable reforestation costs  
 34 that will be incurred by the eligible owner after deducting any salvage value of the damaged  
 35 timber.

36 (4) The State Forester shall consider requests for preliminary certificates under this  
 37 section in the chronological order in which the requests are received by the State Forester.  
 38 Subject to subsection (6) of this section, if the State Forester determines after a physical  
 39 inspection of the forestland that the fire loss qualifies for reforestation cost assistance under  
 40 this section, the State Forester shall issue a preliminary certificate to the eligible owner.

41 (5) The State Forester may approve a preliminary certificate for reforestation cost as-  
 42 sistance in an amount determined as provided under board rule, not to exceed 50 percent of  
 43 the reforestation costs incurred by the eligible owner after deducting any salvage value of  
 44 the damaged timber. The board shall adopt rules to determine the types of reforestation ac-  
 45 tivities that qualify for reforestation cost assistance under this section. The board may adopt

1 different reforestation cost assistance formulas for different reforestation activities. The  
2 board may adjust reforestation cost assistance formulas as the board deems reasonable or  
3 necessary. The board may not reduce a reforestation cost assistance formula due solely to  
4 lack of funding unless the board first attempts to obtain additional reforestation cost as-  
5 sistance funding from the Emergency Board.

6 (6)(a) Except as provided in paragraphs (b) and (c) of this subsection, subject to any lower  
7 biennial expenditure limitations imposed by the Legislative Assembly, the annual  
8 reforestation cost assistance provided for losses occurring in the same fire loss year may  
9 not exceed \$1 million.

10 (b) The State Forester may approve preliminary certificates for reforestation cost as-  
11 sistance exceeding \$1 million for losses occurring in the same fire loss year if the Emergency  
12 Board allocates or authorizes additional funds or expenditures for the Catastrophic Fire  
13 Reforestation Assistance Fund due to extraordinary levels of loss from a catastrophic fire  
14 event during the year. If the Emergency Board allocates or authorizes additional funds or  
15 expenditures under this paragraph, the State Board of Forestry shall submit a request to the  
16 Legislative Assembly for additional funding of the Catastrophic Fire Reforestation Assistance  
17 Fund in amounts sufficient to complete reforestation cost assistance under the preliminary  
18 certificates approved for the fire loss year.

19 (c) If the State Forester estimates that the preliminary certificates to be approved for  
20 purposes of reforestation tax credits under section 5 of this 2014 Act for a fire loss year will  
21 allow tax credits of less than \$4 million, the amount of preliminary certificates for  
22 reforestation cost assistance that the State Forester approves for the same fire loss year  
23 may exceed \$1 million by an amount equal to one-fourth of the difference between \$4 million  
24 and the tax credits allowed under the preliminary certificates that the State Forester esti-  
25 mates will be approved under section 5 of this 2014 Act. If the State Forester approves  
26 reforestation cost assistance under this subsection that exceeds \$1 million, the board shall  
27 submit a request to the Legislative Assembly for additional funding of the Catastrophic Fire  
28 Reforestation Assistance Fund in amounts sufficient to complete reforestation cost assist-  
29 ance under the preliminary certificates approved for the fire loss year.

30 (7) Subject to subsection (8) of this section, the State Forester shall pay one-fourth of  
31 the reforestation cost assistance determined under subsection (5) of this section to an eligi-  
32 ble owner in each of four successive years beginning with the year in which the State  
33 Forester approves a preliminary certificate for the loss.

34 (8)(a) To receive an annual payment of reforestation cost assistance, the eligible owner  
35 must annually submit proof acceptable to the State Forester that:

36 (A) The eligible owner has incurred or is incurring the reforestation costs for which as-  
37 sistance is sought;

38 (B) The reforestation project meets the replanting standards for harvest type 3;

39 (C) The land remains commercial forestland; and

40 (D) Any approved forest management practice applicable to the land is being followed.

41 (b) The State Forester may, at any reasonable time, conduct a physical inspection of  
42 forestland receiving reforestation cost assistance to verify information described in para-  
43 graph (a) of this subsection.

44 (9) The board shall establish by rule a nonrefundable fee for filing a written request with  
45 the State Forester for a preliminary certificate under this section. The fee shall be adequate

1 to recover the costs incurred by the State Forestry Department in administering the  
2 reforestation cost assistance program established under this section. Moneys collected from  
3 fees described in this subsection shall be deposited in the Catastrophic Fire Restoration As-  
4 sistance Fund.

5 (10) An eligible owner may not file a written request for a preliminary certificate for  
6 reforestation cost assistance under this section if the State Forester has approved a pre-  
7 liminary certificate for a reforestation tax credit under section 5 of this 2014 Act for a loss  
8 from a catastrophic fire event on the same forestland during the same fire loss year. The  
9 board shall adopt rules to guide the State Forester regarding preliminary certificate ap-  
10 provals when a written request received from an eligible owner under this section is pending  
11 at the same time as a written request received from the eligible owner under section 5 of this  
12 2014 Act for a loss from a catastrophic fire event on the same forestland during the same  
13 fire loss year.

#### 14 REFORESTATION TAX CREDIT PROGRAM

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17 **SECTION 4.** Sections 5 and 6 of this 2014 Act are added to and made a part of ORS  
18 chapter 315.

19 **SECTION 5.** (1) As used in this section and section 6 of this 2014 Act:

20 (a) “Approved forest management practice,” “commercial forestland,” “eligible owner,”  
21 “forest management plan” and “timber” have the meanings given those terms in ORS  
22 526.455.

23 (b) “Catastrophic fire event,” “fire loss year” and “reforestation costs” have the  
24 meanings given those terms in section 3 of this 2014 Act.

25 (2) To apply for a tax credit under section 6 of this 2014 Act, an eligible owner must file  
26 a written request for a preliminary certificate with the State Forester between November 1  
27 and December 31 of the year in which the loss from a catastrophic fire event occurred. The  
28 request must include, at a minimum, a forest management plan for reforestation of com-  
29 mercial forestland, any information required by State Board of Forestry rule and any addi-  
30 tional information that the State Forester considers necessary or useful to estimate the  
31 probable reforestation costs that will be incurred by the eligible owner after deducting any  
32 salvage value of the damaged timber.

33 (3) The State Forester shall consider requests for preliminary certificates under this  
34 section in the chronological order in which the requests are received by the State Forester.  
35 Subject to the limits described in subsection (4) of this section, if the State Forester deter-  
36 mines after a physical inspection of the forestland that the eligible owner has suffered a loss  
37 from a catastrophic fire event, the State Forester shall issue a preliminary certificate to el-  
38 ible owner.

39 (4)(a) Except as provided in paragraph (b) of this subsection, the State Forester may not  
40 approve preliminary certificates for losses from catastrophic fire events incurred in a single  
41 fire loss year that would cause the amount of tax credits claimed for those losses to exceed  
42 \$4 million.

43 (b) If the State Forester estimates that the amount of preliminary certificates to be ap-  
44 proved for purposes of reforestation cost assistance under section 3 of this 2014 Act for a fire  
45 loss year is less than \$1 million, the amount of preliminary certificates that the State

1 Forester approves under this section for reforestation tax credits for the same fire loss year  
2 may exceed \$4 million by an amount equal to the difference between \$1 million and the  
3 amount of preliminary certificates that the State Forester estimates will be approved for  
4 purposes of reforestation cost assistance under section 3 of this 2014 Act for the same fire  
5 loss year.

6 (5) The board shall establish by rule a nonrefundable fee for filing a written request with  
7 the State Forester for a preliminary certificate under this section. The fee shall be adequate  
8 to recover the costs incurred by the State Forestry Department in administering the  
9 reforestation tax credit program established under this section and section 6 of this 2014 Act.  
10 Moneys collected from fees described in this subsection shall be deposited in the Catastrophic  
11 Fire Reforestation Assistance Fund.

12 (6) In compliance with ORS chapter 183, the board may adopt rules consistent with law  
13 for carrying out the provisions of this section.

14 **SECTION 6.** (1) A credit against the taxes otherwise due under ORS chapter 316 or, if the  
15 taxpayer is a corporation, under ORS chapter 317 or 318 shall be allowed in an amount equal  
16 to 50 percent of the reforestation costs actually paid or incurred by an eligible owner due to  
17 a catastrophic fire event.

18 (2) Subject to subsection (3) of this section:

19 (a) Twenty-five percent of the credit shall be taken in the tax year for which the State  
20 Forester issues a preliminary certificate under section 5 of this 2014 Act certifying that the  
21 land requires reforestation due to a catastrophic fire event, that the proposed reforestation  
22 project will meet the replanting standards adopted by the State Board of Forestry under ORS  
23 527.740 to 527.750 for harvest type 3 and that the reforestation costs appear to be reasonable;

24 (b) Twenty-five percent of the credit shall be taken in each of the second and third years  
25 after the year in which the State Forester issued a preliminary certificate under section 5  
26 of this 2014 Act unless the State Forester, after a physical inspection of the forestland, no-  
27 tifies the board and the Department of Revenue that the eligible owner has failed to sub-  
28 stantially comply with the reforestation plan; and

29 (c) Twenty-five percent of the credit shall be taken in the tax year for which the State  
30 Forester, after a physical inspection of the forestland, certifies that the new forest is es-  
31 tablished in accordance with the replanting standards for harvest type 3.

32 (3) An annual certificate issued by the State Forester must accompany the claim for the  
33 credit or be otherwise filed in a manner acceptable to the Department of Revenue. The State  
34 Forester may issue an eligible owner an annual certificate for the tax year only if the State  
35 Forester is satisfied that:

36 (a) The eligible owner has actually incurred the reforestation costs to be claimed as a  
37 credit;

38 (b) The reforestation project meets the replanting standards for harvest type 3;

39 (c) The land remains commercial forestland; and

40 (d) Any approved forest management practice applicable to the land is being followed.

41 (4) The credit provided by this section shall be in addition to and not in lieu of any de-  
42 preciation or amortization deduction to which the taxpayer otherwise may be entitled with  
43 respect to the reforestation project, and the credit does not affect the computation of basis  
44 for the forestland. The credit may not be claimed for reforestation on land for which the  
45 eligible owner is granted reforestation cost assistance under section 3 of this 2014 Act.

