

SENATE AMENDMENTS TO SENATE BILL 1513

By COMMITTEE ON RURAL COMMUNITIES AND ECONOMIC DEVELOPMENT

February 12

1 On page 1 of the printed bill, delete lines 20 through 28 and delete pages 2 through 6 and insert:
2 **“SECTION 1. Sections 2 and 3 of this 2014 Act are added to and made a part of ORS**
3 **526.450 to 526.475.**

“CATASTROPHIC FIRE REFORESTATION ASSISTANCE ACCOUNT

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7 **“SECTION 2. (1) The Catastrophic Fire Reforestation Assistance Account is established**
8 **within the General Fund. Moneys in the account are appropriated to the State Forestry De-**
9 **partment for use as provided in this section.**

10 **“(2) The department may expend no more than eight percent of the moneys deposited to**
11 **the credit of the account for the purpose of administering and enforcing section 3 of this 2014**
12 **Act and for costs of the department associated with the administration and enforcement of**
13 **the reforestation tax credit program established under sections 5 and 6 of this 2014 Act.**

14 **“(3) Except as provided under subsection (2) of this section, the department may expend**
15 **moneys from the account only for the purpose of providing reforestation cost assistance**
16 **under section 3 of this 2014 Act.**

“REFORESTATION COST ASSISTANCE PROGRAM

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

21 **“(a) ‘Catastrophic fire event’ means a fire that:**

22 **“(A) Results in the payment of moneys from the Oregon Forest Land Protection Fund**
23 **to reimburse emergency fire suppression costs;**

24 **“(B) Causes damage to at least 50 percent of the timber on a forestland property; or**

25 **“(C) Is declared by the State Forester to be a catastrophic fire event.**

26 **“(b) ‘Fire loss year’ means a period of not more than 12 months, ending no later than**
27 **October 31 each year, identified by State Board of Forestry rule for the collective processing**
28 **of losses incurred during district fire seasons designated under ORS 477.505.**

29 **“(c) ‘Net reforestation costs’ means reforestation costs minus any salvage value.**

30 **“(d)(A) ‘Reforestation costs’ means the labor, technical and other costs incurred after a**
31 **catastrophic fire event to log damaged timber other than salvage, remove fuel and dead**
32 **overstory, prepare a site for replanting and replant forestland in accordance a reforestation**
33 **project plan approved by the State Forester.**

34 **“(B) ‘Reforestation costs’ does not mean:**

35 **“(i) Any expense eligible for federal cost share assistance;**

1 “(ii) Any amounts paid or incurred to purchase or otherwise acquire forestland; or
2 “(iii) The cost of purchase or other acquisition of tools and equipment with a useful life
3 of more than one year.

4 “(e) ‘Salvage value’ means the monetary amount, after deduction of costs, realizable
5 from the harvesting and selling of trees killed or damaged due to a catastrophic fire event,
6 taking into consideration any legal restrictions.

7 “(f) ‘Small forestland owner’ means any private individual, group, Indian tribe or other
8 native group, association, corporation or other nonpublic legal entity owning 10 to 5,000
9 contiguous acres of Oregon commercial forestland.

10 “(2) If a catastrophic fire event occurs on forestlands, a small forestland owner whose
11 commercial forestland incurs damage from the catastrophic fire event may apply to the
12 State Forester for a preliminary certificate to receive reforestation cost assistance.

13 “(3) To apply for a preliminary certificate under this section, a small forestland owner
14 must file a written request for a preliminary certificate with the State Forester between
15 November 1 and December 31 next following the fire loss year in which the catastrophic fire
16 event occurred. The request must include, at a minimum, a reforestation project plan for the
17 commercial forestland, any information required by board rule and any additional informa-
18 tion that the State Forester considers necessary or useful to determine the applicable com-
19 mercial forestland category under subsection (6) of this section. To the extent practicable,
20 the State Forester shall complete the processing of all preliminary certificate applications
21 under this section no later than March 1 following the close of the application period.

22 “(4) The State Forester shall issue the small forestland owner a preliminary certificate
23 under this section if the State Forester determines that:

24 “(a) The commercial forestland of the small forestland owner has incurred damage from
25 a catastrophic fire event;

26 “(b) The small forestland owner has filed or agreed to an acceptable reforestation project
27 plan for the commercial forestland; and

28 “(c) The small forestland owner is likely to incur net reforestation costs under the
29 reforestation project plan.

30 “(5) The board shall adopt rules establishing commercial forestland categories for use by
31 the State Forester in calculating the estimated net reforestation costs for commercial
32 forestland damaged by a catastrophic fire event. The factors that the board considers in
33 identifying a commercial forestland category may include, but need not be limited to, slope,
34 age class and tree species.

35 “(6) The State Forester shall determine the commercial forestland category applicable to
36 commercial forestland described in a preliminary certificate application. The State Forester
37 shall use the commercial forestland categories to calculate the maximum amount of
38 reforestation cost assistance that would be granted under each preliminary certificate for a
39 fire loss year. However, if the total of the maximum reforestation cost assistance calculated
40 for all preliminary certificates to be issued for a fire loss year would exceed the lesser of \$1
41 million or the amount available in the Catastrophic Fire Reforestation Assistance Account
42 to pay that reforestation cost assistance, the State Forester shall reduce the maximum
43 amount of reforestation cost assistance for each certificate on a pro rata basis.

44 “(7) Notwithstanding subsection (6) of this section, if the board determines that an ex-
45 traordinary level of losses from catastrophic fire events were incurred in a fire loss year, the

1 board may authorize the State Forester to seek additional funding of reforestation cost as-
2 sistance from the Emergency Board. If the Emergency Board grants the additional funding,
3 the \$1 million limitation described in subsection (6) of this section will not apply for that fire
4 loss year.

5 “(8) The State Forester shall state the maximum amount of reforestation cost assistance
6 available on each preliminary certificate issued under this section. Except as provided in this
7 subsection and subject to subsection (9) of this section, a small forestland owner may receive
8 reforestation cost assistance for 50 percent of the reforestation costs for the forestland, up
9 to the maximum amount stated in the certificate. Reforestation cost assistance may not be
10 paid for reforestation activity performed later than the second calendar year following the
11 calendar year in which the State Forester issued a preliminary certificate for the
12 reforestation cost assistance.

13 “(9)(a) To receive payment of reforestation cost assistance, the small forestland owner
14 must annually submit proof acceptable to the State Forester that:

15 “(A) The small forestland owner has incurred or is incurring the net reforestation costs
16 on forestland qualifying for the rebate;

17 “(B) The land remains commercial forestland; and

18 “(C) The small forestland owner has materially complied with the reforestation project
19 plan for the commercial forestland.

20 “(b) If a small forestland owner has failed to materially comply with a reforestation
21 project plan, the State Forester may require the small forestland owner to repay all or part
22 of any reforestation cost assistance previously paid under the preliminary certificate.

23 “(c) The State Forester may, at any reasonable time, conduct a physical inspection of
24 commercial forestland to verify information described in paragraph (a) of this subsection.

25 “(10) A small forestland owner may not receive a preliminary certificate under this sec-
26 tion if the State Forester has issued a preliminary certificate under section 5 of this 2014
27 Act for a loss from a catastrophic fire event on the same forestland during the same fire loss
28 year.

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30 **“REFORESTATION TAX CREDIT PROGRAM**

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

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

35 “(a) ‘Catastrophic fire event,’ ‘fire loss year,’ ‘net reforestation costs’ and ‘reforestation
36 costs’ have the meanings given those terms in section 3 of this 2014 Act.

37 “(b) ‘Commercial forestland’ and ‘landowner’ have the meanings given those terms in
38 ORS 526.455.

39 “(2) To apply for a preliminary certificate allowing a tax credit under section 6 of this
40 2014 Act, a landowner must file a written request for a preliminary certificate with the State
41 Forester during the period beginning November 1 and ending December 31 next following the
42 fire loss year in which the catastrophic fire event occurred. The request must include, at a
43 minimum, a reforestation project plan for the commercial forestland, any information re-
44 quired by State Board of Forestry rule and any additional information that the State
45 Forester considers necessary or useful to determine the applicable commercial forestland

1 category under subsection (5) of this section. To the extent practicable, the State Forester
2 shall complete the processing of all written requests for preliminary certificates for a fire
3 loss year no later than March 1 following the close of the request filing period.

4 “(3) The State Forester shall issue the landowner a preliminary certificate under this
5 section if the State Forester determines that:

6 “(a) The commercial forestland of the landowner has incurred damage from a cat-
7 astrophic fire event;

8 “(b) The landowner has filed or agreed to an acceptable reforestation project plan for the
9 commercial forestland; and

10 “(c) The landowner is likely to incur net reforestation costs under the reforestation
11 project plan.

12 “(4) The board shall adopt rules establishing commercial forestland categories for use by
13 the State Forester in calculating the maximum net reforestation costs resulting from a
14 catastrophic fire event for which a tax credit could be allowed under section 6 of this 2014
15 Act. The factors that the board considers in identifying a commercial forestland category
16 may include, but need not be limited to, slope, age class and tree species.

17 “(5) The State Forester shall determine the commercial forestland category applicable to
18 commercial forestland described in a preliminary certificate application. The State Forester
19 shall use the commercial forestland categories to calculate, for each preliminary certificate,
20 the maximum net reforestation costs for which a tax credit could be allowed under section
21 6 of this 2014 Act. However, if the total of the net reforestation costs for all preliminary
22 certificates to be issued under this section for a fire loss year would exceed \$6 million, the
23 Sate Forester shall reduce the maximum net reforestation costs for each certificate on a pro
24 rata basis.

25 “(6) In accordance with applicable provisions of ORS chapter 183, the board may adopt
26 rules necessary for the administration of this section.

27 “SECTION 6. (1) Except as provided in subsections (5) and (6) of this section, a credit
28 against the taxes otherwise due under ORS chapter 316 or, if the taxpayer is a corporation,
29 under ORS chapter 317 or 318 shall be allowed to a taxpayer possessing a preliminary cer-
30 tificate issued under section 5 of this 2014 Act.

31 “(2) For the tax year in which the preliminary certificate is issued, the amount of the
32 credit is the lesser of:

33 “(a) Fifty percent of the net reforestation costs actually paid or incurred by the taxpayer
34 during the tax year due to a catastrophic fire event; or

35 “(b) Twelve and one-half percent of the maximum net reforestation costs allowed under
36 the preliminary certificate.

37 “(3) For the two tax years next following the tax year in which the preliminary certificate
38 is issued, the amount of the credit is the lesser of:

39 “(a) Fifty percent of the net reforestation costs incurred since issuance of the prelimi-
40 nary certificate, reduced by the amount of any credits claimed under the certificate in prior
41 years; or

42 “(b) Twelve and one-half percent of the maximum net reforestation costs allowed under
43 the preliminary certificate.

44 “(4) For the third tax year next following the tax year in which the preliminary certif-
45 icate is issued, the amount of the credit is the lesser of:

1 “(a) Fifty percent of the net reforestation costs incurred since issuance of the prelimi-
2 nary certificate, reduced by the amount of any credits claimed under the certificate in prior
3 years; or

4 “(b) Fifty percent of the maximum net reforestation costs allowed under the preliminary
5 certificate, reduced by the amount of any credits claimed under the certificate in prior years.

6 “(5)(a) To qualify for a tax credit under this section, a landowner must submit an annual
7 certificate issued by the State Forester. The annual certificate must accompany the claim
8 for the credit or be otherwise filed in a manner acceptable to the Department of Revenue.
9 The State Forester may issue a landowner an annual certificate for the tax year only if the
10 State Forester is satisfied that:

11 “(A) The landowner has actually incurred the reforestation costs to be claimed as a
12 credit;

13 “(B) The land remains commercial forestland; and

14 “(C) The landowner has materially complied with the reforestation project plan for the
15 commercial forestland.

16 “(b) The State Forester may, at any reasonable time, conduct a physical inspection of
17 commercial forestland to verify information described in paragraph (a) of this subsection.

18 “(6) A credit may not be claimed under this section for net reforestation costs that a
19 taxpayer incurs after the third tax year following the year in which a preliminary certificate
20 is issued.

21 “(7) The credit provided under this section shall be in addition to and not in lieu of any
22 depreciation or amortization deduction to which the taxpayer otherwise may be entitled with
23 respect to the reforestation project, and the credit does not affect the computation of basis
24 for the forestland. The credit may not be claimed for reforestation on land for which the
25 landowner has been issued a preliminary certificate under section 3 of this 2014 Act.

26 “(8) In accordance with applicable provisions of ORS chapter 183, the Department of Re-
27 venue and the State Forestry Department may adopt rules necessary for the administration
28 of this section.

29 “(9) Any landowner affected by a determination regarding the net reforestation costs tax
30 credit made by:

31 “(a) The State Forester may appeal that determination in the manner provided for in
32 ORS 526.475 (1).

33 “(b) The Department of Revenue may appeal that determination in the manner provided
34 for in ORS 526.475 (2).

35 “SECTION 7. (1) As used in this section, ‘catastrophic fire event,’ ‘fire loss year’ and
36 ‘small forestland owner’ have the meanings given those terms in section 3 of this 2014 Act.

37 “(2) For any catastrophic fire event that occurred on forestlands in whole or in part on
38 or after August 1, 2012, and before December 31, 2013, a small forestland owner whose com-
39 mercial forestland has incurred damage from the catastrophic fire event may apply to the
40 State Forester for issuance of a preliminary certificate under section 3 of this 2014 Act.
41 Notwithstanding section 3 (3) of this 2014 Act, the small forestland owner must file the ap-
42 plication between November 1, 2014, and December 31, 2014.

43 “(3) For purposes of section 3 of this 2014 Act, catastrophic fire losses of small forestland
44 owners participating in the reforestation costs rebate program under this section are con-
45 sidered to be losses incurred in a fire loss year separate and distinct from all other fire loss

1 years.

2 “(4) Notwithstanding section 2 (3) of this 2014 Act, the State Forestry Department may
3 expend moneys from the Catastrophic Fire Reforestation Assistance Account for carrying
4 out this section.

5 “SECTION 8. (1) As used in this section, ‘catastrophic fire event,’ ‘fire loss year’ and
6 ‘landowner’ have the meanings given those terms in section 5 of this 2014 Act.

7 “(2) For any catastrophic fire event that occurred on forestlands in whole or in part on
8 or after August 1, 2012, and before December 31, 2013, a landowner whose commercial
9 forestland has incurred damage from the catastrophic fire event may apply to the State
10 Forester for issuance of a preliminary certificate under section 5 of this 2014 Act.
11 Notwithstanding section 5 (2) of this 2014 Act, the landowner must file the written request
12 between November 1, 2014, and December 31, 2014.

13 “(3) For purposes of section 5 of this 2014 Act, catastrophic fire losses for which land-
14 owners file written requests for preliminary certificates under this section are considered
15 to be losses incurred in a fire loss year separate and distinct from all other fire loss years.

16 “(4) Notwithstanding section 2 (3) of this 2014 Act, the State Forestry Department may
17 expend moneys from the Catastrophic Fire Reforestation Assistance Account for carrying
18 out this section.

19
20 “APPLICABILITY

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22 “SECTION 9. Notwithstanding ORS 315.050, this 2014 Act applies to losses from cat-
23 astrophic fire events for which the State Forester issues preliminary certificates before
24 January 1, 2020.

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26 “CAPTIONS

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28 “SECTION 10. The unit captions used in this 2014 Act are provided only for the conven-
29 ience of the reader and do not become part of the statutory law of this state or express any
30 legislative intent in the enactment of this 2014 Act.

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32 “EFFECTIVE DATE

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34 “SECTION 11. This 2014 Act takes effect on the 91st day after the date on which the 2014
35 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.”.
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