

**PROPOSED AMENDMENTS TO
SENATE BILL 1513**

1 On page 1 of the printed bill, delete lines 20 through 28 and delete pages
2 2 through 6 and insert:

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

5

6 **“CATASTROPHIC FIRE REFORESTATION ASSISTANCE ACCOUNT**

7

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

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

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

22

1 **“REFORESTATION COST ASSISTANCE PROGRAM**

2
3 **“SECTION 3. (1) As used in this section:**

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

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

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

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

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

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

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

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

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

24 **“(ii) Any amounts paid or incurred to purchase or otherwise acquire**
25 **forestland; or**

26 **“(iii) The cost of purchase or other acquisition of tools and equip-**
27 **ment with a useful life of more than one year.**

28 **“(e) ‘Salvage value’ means the monetary amount, after deduction**
29 **of costs, realizable from the harvesting and selling of trees killed or**
30 **damaged due to a catastrophic fire event, taking into consideration**

1 any legal restrictions.

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

6 “(2) If a catastrophic fire event occurs on forestlands, a small
7 forestland owner whose commercial forestland incurs damage from the
8 catastrophic fire event may apply to the State Forester for a prelimi-
9 nary certificate to receive reforestation cost assistance.

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

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

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

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

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

1 “(5) The board shall adopt rules establishing commercial forestland
2 categories for use by the State Forester in calculating the estimated
3 net reforestation costs for commercial forestland damaged by a cat-
4 astrophic fire event. The factors that the board considers in identify-
5 ing a commercial forestland category may include, but need not be
6 limited to, slope, age class and tree species.

7 “(6) The State Forester shall determine the commercial forestland
8 category applicable to commercial forestland described in a prelimi-
9 nary certificate application. The State Forester shall use the com-
10 mercial forestland categories to calculate the maximum amount of
11 reforestation cost assistance that would be granted under each pre-
12 liminary certificate for a fire loss year. However, if the total of the
13 maximum reforestation cost assistance calculated for all preliminary
14 certificates to be issued for a fire loss year would exceed the lesser of
15 \$1 million or the amount available in the Catastrophic Fire
16 Reforestation Assistance Account to pay that reforestation cost as-
17 sistance, the State Forester shall reduce the maximum amount of
18 reforestation cost assistance for each certificate on a pro rata basis.

19 “(7) Notwithstanding subsection (6) of this section, if the board de-
20 termines that an extraordinary level of losses from catastrophic fire
21 events were incurred in a fire loss year, the board may authorize the
22 State Forester to seek additional funding of reforestation cost assist-
23 ance from the Emergency Board. If the Emergency Board grants the
24 additional funding, the \$1 million limitation described in subsection (6)
25 of this section will not apply for that fire loss year.

26 “(8) The State Forester shall state the maximum amount of
27 reforestation cost assistance available on each preliminary certificate
28 issued under this section. Except as provided in this subsection and
29 subject to subsection (9) of this section, a small forestland owner may
30 receive reforestation cost assistance for 50 percent of the reforestation

1 costs for the forestland, up to the maximum amount stated in the
2 certificate. Reforestation cost assistance may not be paid for
3 reforestation activity performed later than the second calendar year
4 following the calendar year in which the State Forester issued a pre-
5 liminary certificate for the reforestation cost assistance.

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

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

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

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

14 “(b) If a small forestland owner has failed to materially comply with
15 a reforestation project plan, the State Forester may require the small
16 forestland owner to repay all or part of any reforestation cost assist-
17 ance previously paid under the preliminary certificate.

18 “(c) The State Forester may, at any reasonable time, conduct a
19 physical inspection of commercial forestland to verify information de-
20 scribed in paragraph (a) of this subsection.

21 “(11) A small forestland owner may not receive a preliminary cer-
22 tificate under this section if the State Forester has issued a prelimi-
23 nary certificate under section 5 of this 2014 Act for a loss from a
24 catastrophic fire event on the same forestland during the same fire
25 loss year.

26

27 **“REFORESTATION TAX CREDIT PROGRAM**

28

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

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

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

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

8 **“(2) To apply for a preliminary certificate allowing a tax credit un-**
9 **der section 6 of this 2014 Act, a landowner must file a written request**
10 **for a preliminary certificate with the State Forester during the period**
11 **beginning November 1 and ending December 31 next following the fire**
12 **loss year in which the catastrophic fire event occurred. The request**
13 **must include, at a minimum, a reforestation project plan for the**
14 **commercial forestland, any information required by State Board of**
15 **Forestry rule and any additional information that the State Forester**
16 **considers necessary or useful to determine the applicable commercial**
17 **forestland category under subsection (5) of this section. To the extent**
18 **practicable, the State Forester shall complete the processing of all**
19 **written requests for preliminary certificates for a fire loss year no**
20 **later than March 1 following the close of the request filing period.**

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

23 **“(a) The commercial forestland of the landowner has incurred**
24 **damage from a catastrophic fire event;**

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

27 **“(c) The landowner is likely to incur net reforestation costs under**
28 **the reforestation project plan.**

29 **“(4) The board shall adopt rules establishing commercial forestland**
30 **categories for use by the State Forester in calculating the maximum**

1 net reforestation costs resulting from a catastrophic fire event for
2 which a tax credit could be allowed under section 6 of this 2014 Act.
3 The factors that the board considers in identifying a commercial
4 forestland category may include, but need not be limited to, slope, age
5 class and tree species.

6 “(5) The State Forester shall determine the commercial forestland
7 category applicable to commercial forestland described in a prelimi-
8 nary certificate application. The State Forester shall use the com-
9 mercial forestland categories to calculate, for each preliminary
10 certificate, the maximum net reforestation costs for which a tax credit
11 could be allowed under section 6 of this 2014 Act. However, if the total
12 of the net reforestation costs for all preliminary certificates to be is-
13 sued under this section for a fire loss year would exceed \$6 million, the
14 Sate Forester shall reduce the maximum net reforestation costs for
15 each certificate on a pro rata basis.

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

19 “SECTION 6. (1) Except as provided in subsections (5) and (6) of this
20 section, a credit against the taxes otherwise due under ORS chapter
21 316 or, if the taxpayer is a corporation, under ORS chapter 317 or 318
22 shall be allowed to a taxpayer possessing a preliminary certificate is-
23 sued under section 5 of this 2014 Act.

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

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

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

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

4 **“(a) Fifty percent of the net reforestation costs incurred since is-**
5 **suance of the preliminary certificate, reduced by the amount of any**
6 **credits claimed under the certificate in prior years; or**

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

9 **“(4) For the third tax year next following the tax year in which the**
10 **preliminary certificate is issued, the amount of the credit is the lesser**
11 **of:**

12 **“(a) Fifty percent of the net reforestation costs incurred since is-**
13 **suance of the preliminary certificate, reduced by the amount of any**
14 **credits claimed under the certificate in prior years; or**

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

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

24 **“(A) The landowner has actually incurred the reforestation costs**
25 **to be claimed as a credit;**

26 **“(B) The land remains commercial forestland; and**

27 **“(C) The landowner has materially complied with the reforestation**
28 **project plan for the commercial forestland.**

29 **“(b) The State Forester may, at any reasonable time, conduct a**
30 **physical inspection of commercial forestland to verify information de-**

1 scribed in paragraph (a) of this subsection.

2 “(6) A credit may not be claimed under this section for net
3 reforestation costs that a taxpayer incurs after the third tax year fol-
4 lowing the year in which a preliminary certificate is issued.

5 “(7) The credit provided under this section shall be in addition to
6 and not in lieu of any depreciation or amortization deduction to which
7 the taxpayer otherwise may be entitled with respect to the
8 reforestation project, and the credit does not affect the computation
9 of basis for the forestland. The credit may not be claimed for
10 reforestation on land for which the landowner has been issued a pre-
11 liminary certificate under section 3 of this 2014 Act.

12 “(8) In accordance with applicable provisions of ORS chapter 183,
13 the Department of Revenue and the State Forestry Department may
14 adopt rules necessary for the administration of this section.

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

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

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

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

24 “(2) For any catastrophic fire event that occurred on forestlands in
25 whole or in part on or after August 1, 2012, and before December 31,
26 2013, a small forestland owner whose commercial forestland has in-
27 curred damage from the catastrophic fire event may apply to the State
28 Forester for issuance of a preliminary certificate under section 3 of
29 this 2014 Act. Notwithstanding section 3 (3) of this 2014 Act, the small
30 forestland owner must file the application between November 1, 2014,

1 and December 31, 2014.

2 “(3) For purposes of section 3 of this 2014 Act, catastrophic fire
3 losses of small forestland owners participating in the reforestation
4 costs rebate program under this section are considered to be losses
5 incurred in a fire loss year separate and distinct from all other fire
6 loss years.

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

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

13 “(2) For any catastrophic fire event that occurred on forestlands in
14 whole or in part on or after August 1, 2012, and before December 31,
15 2013, a landowner whose commercial forestland has incurred damage
16 from the catastrophic fire event may apply to the State Forester for
17 issuance of a preliminary certificate under section 5 of this 2014 Act.
18 Notwithstanding section 5 (2) of this 2014 Act, the landowner must file
19 the written request between November 1, 2014, and December 31, 2014.

20 “(3) For purposes of section 5 of this 2014 Act, catastrophic fire
21 losses for which landowners file written requests for preliminary cer-
22 tificates under this section are considered to be losses incurred in a
23 fire loss year separate and distinct from all other fire loss years.

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

27

28

“APPLICABILITY

29

30 **“SECTION 9.** Notwithstanding ORS 315.050, this 2014 Act applies to

1 **losses from catastrophic fire events for which the State Forester issues**
2 **preliminary certificates before January 1, 2020.**

3

4

“CAPTIONS

5

6 **“SECTION 10. The unit captions used in this 2014 Act are provided**
7 **only for the convenience of the reader and do not become part of the**
8 **statutory law of this state or express any legislative intent in the**
9 **enactment of this 2014 Act.**

10

11

“EFFECTIVE DATE

12

13 **“SECTION 11. This 2014 Act takes effect on the 91st day after the**
14 **date on which the 2014 regular session of the Seventy-seventh Legis-**
15 **lative Assembly adjourns sine die.”.**

16
