

SB 633 STAFF MEASURE SUMMARY

Senate Committee On Environment and Natural Resources

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Sub-Referral To: Joint Committee On Tax Credits

Meeting Dates: 2/22

WHAT THE MEASURE DOES:

Establishes a tax credit for costs of reforestation of commercial forestlands after loss from catastrophic fire. Defines "catastrophic fire event" to mean a fire that: (1) results in payment of money from Oregon Forest Land Protection Fund to reimburse emergency fire suppression costs; (2) causes damage to at least 50 percent of the timber on a forestland property; or is (3) declared by the State Forester to be a catastrophic fire event. "Reforestation costs" means the labor, technical, and other costs incurred after a catastrophic fire to harvest trees killed or damaged, remove fuel and dead overstory, and prepare a site for replanting and replant in accordance with plan approved by State Forester. Requires a landowner to file a written request to State Forester for preliminary certificate in order to claim tax credit and establishes criteria for State Forester to approve request. Directs Board of Forestry to adopt rules establishing commercial forestland categories for use by State Forester in calculating reforestation costs and directs State Forester to calculate maximum net reforestation costs for each preliminary certificate. If total annual costs would exceed \$2 million, directs State Forester to reduce maximum net costs for each certificate on a pro rata basis. Allow State Forester to issue annual certificate to landowner only if land remains commercial forestland and if landowner is in material compliance with reforestation project plan. Requires tax payer to possess both annual and preliminary certificates to be eligible for tax credit. Sets schedule for allowable amount of tax credit. Allows tax credit for costs incurred during a fire loss year that begins on or after November 1, 2016 and ends on or before October 31, 2022. Repeals measure provisions on January 2, 2030. Takes effect on 91st day after the date on which the 2017 regular legislative session adjourns sine die.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Under ORS 527.745, the Board of Forestry (Board) is directed to adopt reforestation standards for different types of harvests. Unless the Board makes findings for alternate standards, the law requires that reforestation, including site preparation, begin within 12 months after the completion of harvest and be completed by the end of the second planting season after the completion of harvest. By the end of the fifth growing season after planting or seeding, at least 200 healthy conifer or suitable hardwood seedlings or a lesser number as permitted by the Board by rule, must be established per acre, well-distributed over the area, which are "free to grow" as defined by the Board. A landowner may submit plans for alternate reforestation practices.

Senate Bill 633 would establish a tax credit for costs of reforestation of commercial forestlands after a catastrophic fire