

# Forestland and Timber Taxation

LEGISLATIVE REVENUE OFFICE

SENATE INTERIM COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES

9.21.2020

# Organization

- Forestland Ownership
- Taxation
  - Forestland Program
  - Forest Products Harvest Tax

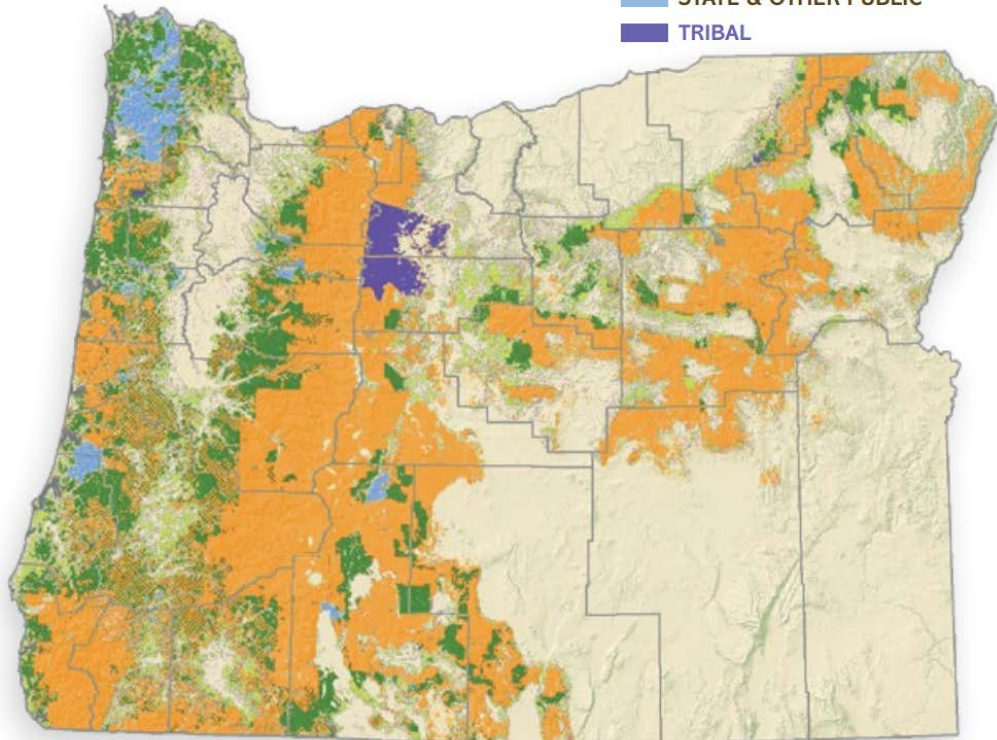
# Forestland Ownership

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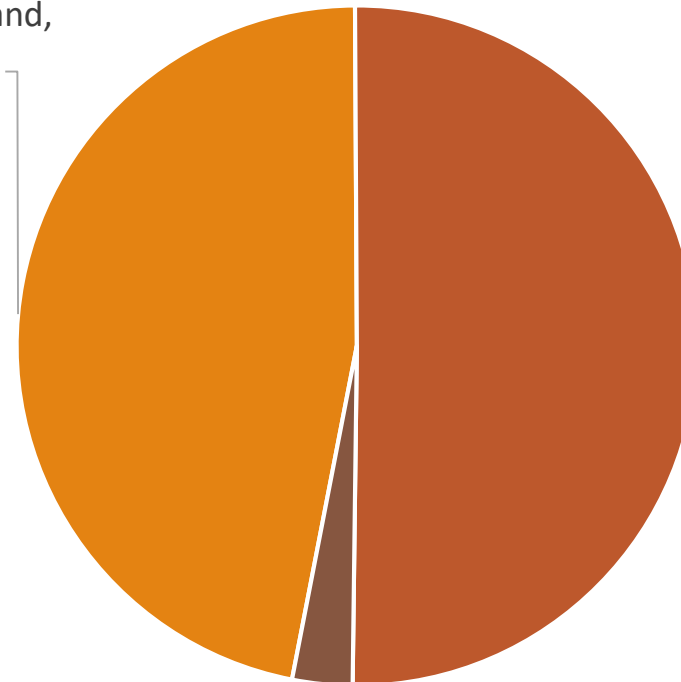
# Oregon Total Land Area (63.3 Million Acres)

## Forestland ownership<sup>4</sup>

- FEDERAL GOVERNMENT
- LARGE PRIVATE
- SMALL PRIVATE
- STATE & OTHER PUBLIC
- TRIBAL



Forestland,  
29.7

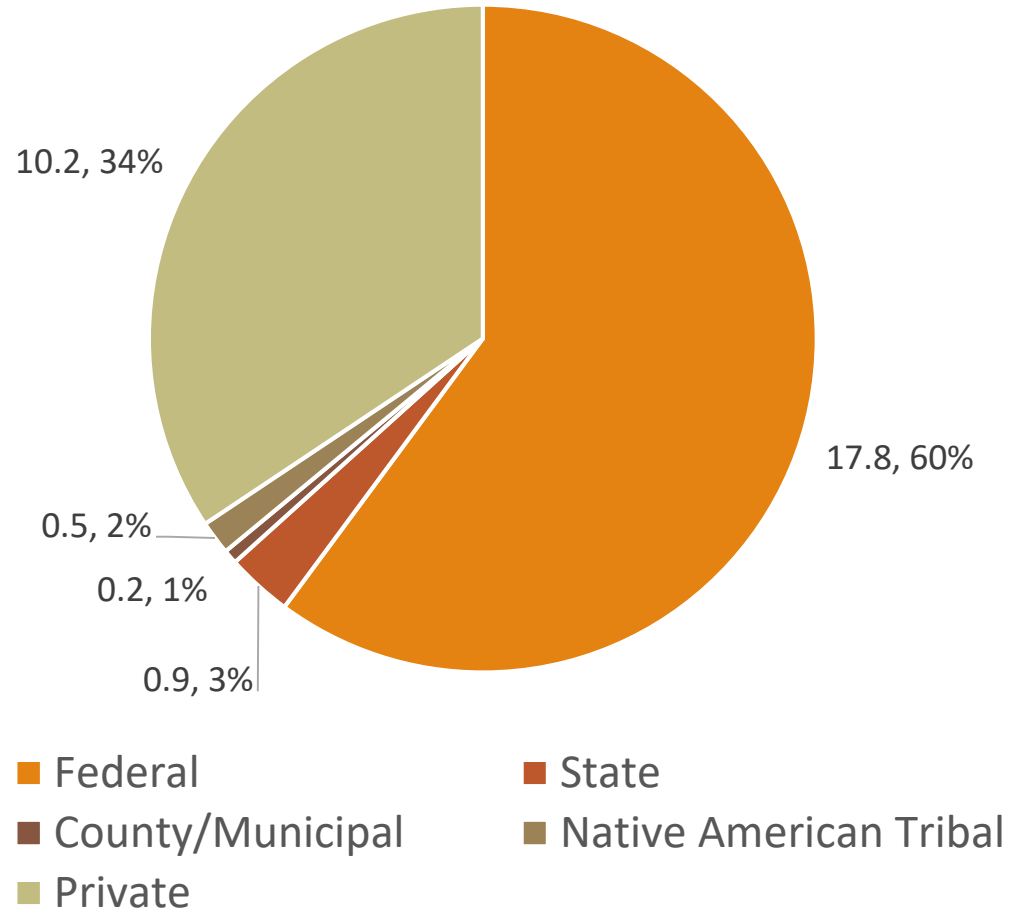


Non-Forestland  
(Urban, Cropland,  
Range, etc.), 31.8

Water, 1.8

# Oregon Forestland Area

(29.7 Million Acres)



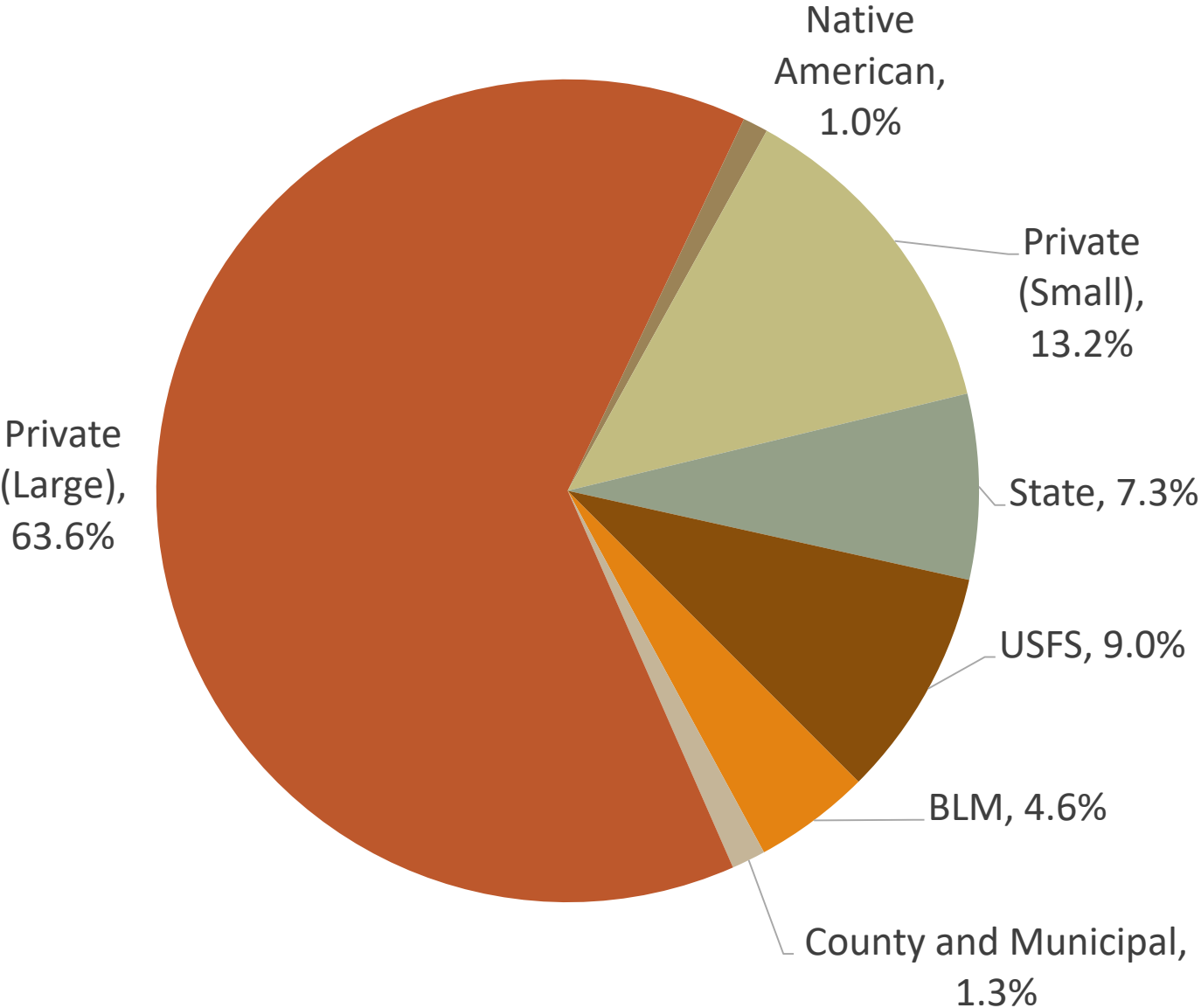
| Government Forestland     | Acres (M)    | Share       |
|---------------------------|--------------|-------------|
| Federal                   |              |             |
| U.S. Forest Service       | 14.07        | 74%         |
| Bureau of Land Management | 3.57         | 19%         |
| National Park Service     | 0.16         | 1%          |
| Other                     | 0.03         | < 1%        |
| State & Local             | 1.15         | 6%          |
| <b>Total Government</b>   | <b>18.98</b> | <b>100%</b> |

| Private Forestland   | Acres (M)    | Share       |
|----------------------|--------------|-------------|
| Large Owners         | 6.58         | 65%         |
| Small Owners         | 3.61         | 35%         |
| <b>Total Private</b> | <b>10.19</b> | <b>100%</b> |

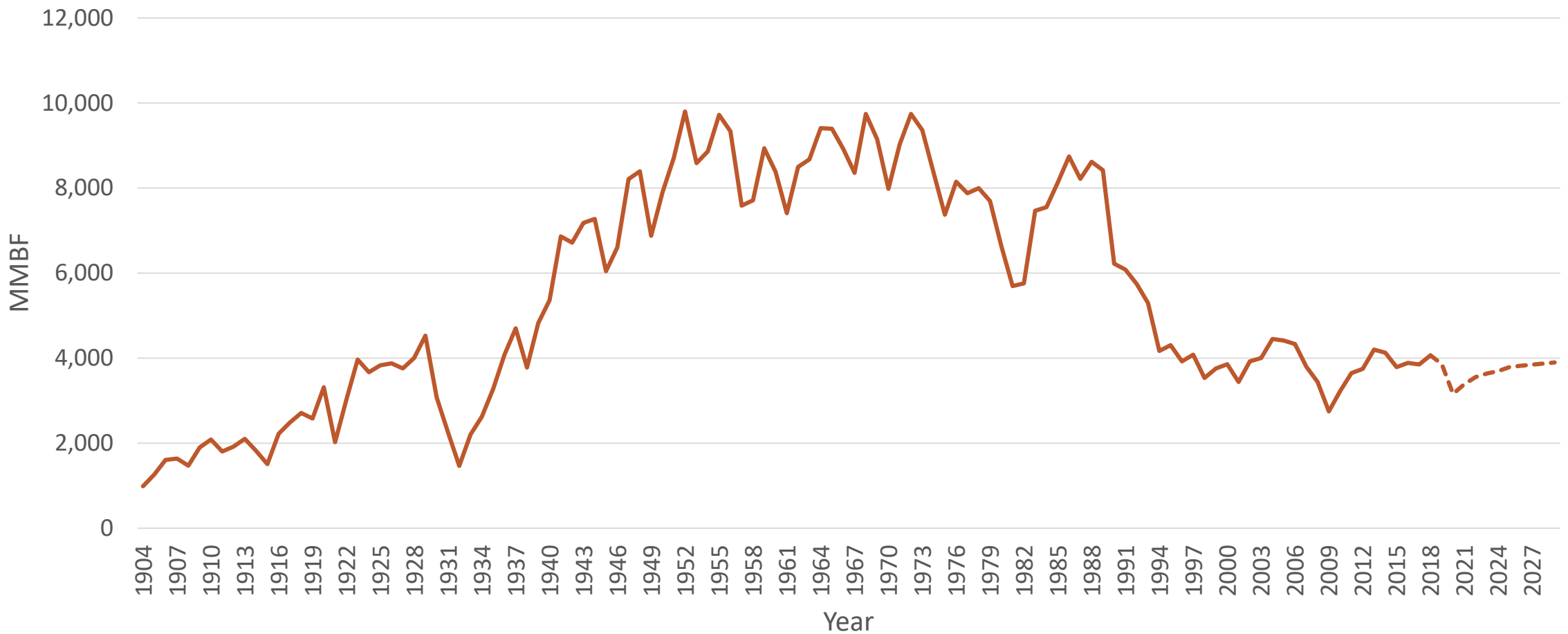
# Oregon Timber Harvest

## by Location of Harvest

Average shares for 2013-2018



Source: Oregon Transparency Website



# Oregon Timber Harvest History and Forecast

SOURCE: OREGON TRANSPARENCY WEBSITE, ODF, OEA

# Taxation

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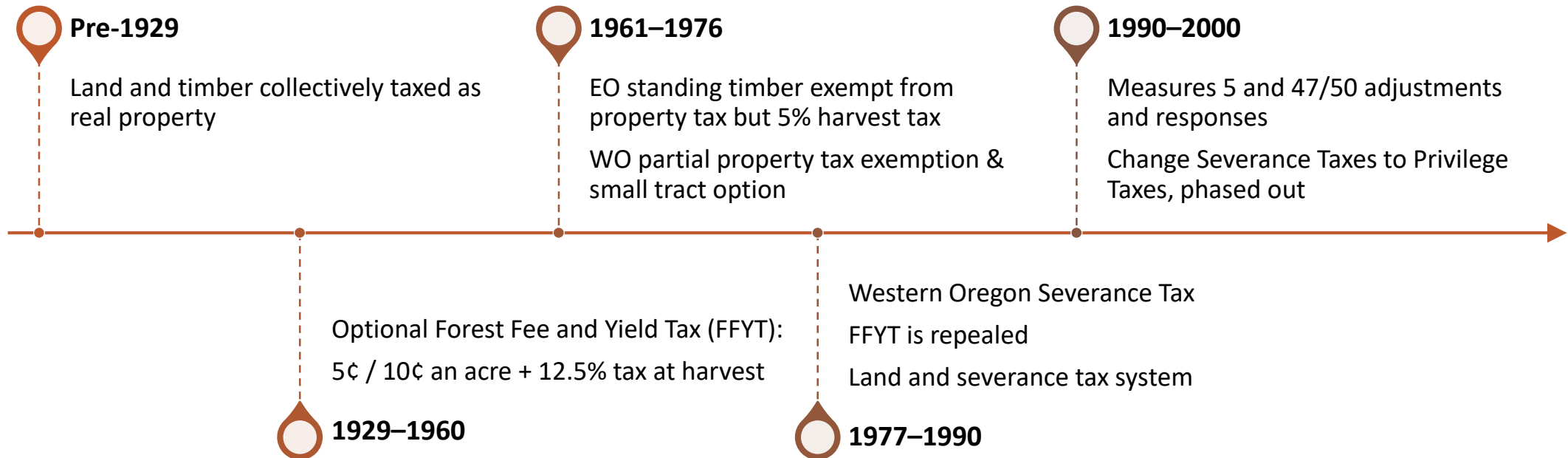


# Taxation Policy

- How should timber be taxed?
- Property Taxes
- Harvest Taxes
  - Value
  - Volume
- Combination

# A Brief Historical Overview

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# Private Forestland

Designated Forestland or Highest and Best Use Forestland

Highest and Best Use Forestland (43%)  
Assessor Designation  
Most remote regions

Designated Forestland (57%)  
Apply to County Assessor; OFPA  
At least 2 contiguous acres

Property Tax:  
 $\text{Assessed Value} * \text{Rate} = \text{Tax}$   
 $\text{AV} = \min(\text{MSAV}, \text{SAV})$

**Small Tract Forestland Option**  
10 to 4,999 acres  
County Application; irrevocable

Property tax on 20% of  
MSAV/SAV

+

Severance Tax

# Forest Products Harvest Tax

Applies to harvest from any lands (except most Tribal)

“The prevention and suppression of forest fires on forestlands for the preservation of forest resources and the continuous growth of timber on lands suitable therefor are declared to be the **public policy** of the State of Oregon.” (ORS 321.011)

## Privilege Tax

...for the privilege of harvesting of all merchantable forest products harvested on forestlands...

### \$4.1322 – Total Tax Rate per MBF (2020)

\$0.9000 – Forest resource research

\$0.6250 – Oregon Forestland Protection Fund

\$1.3872 – Forest Practices Act

\$0.1000 – Forestry Education

\$1.1200 – for Oregon Forest Resources Institute

# Forestland Values (2020-21)

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## WESTERN OREGON

|       | Per Acre |            |
|-------|----------|------------|
| Class | MSAV     | SAV        |
| FA    | \$743.70 | \$1,206.20 |
| FB    | \$589.98 | \$955.20   |
| FC    | \$494.11 | \$801.81   |
| FD    | \$419.72 | \$683.28   |
| FE    | \$279.23 | \$453.19   |
| FF    | \$201.54 | \$327.69   |
| FG    | \$84.21  | \$139.44   |
| FX    | \$9.83   | \$13.94    |

## EASTERN OREGON

| Per Acre |          |
|----------|----------|
| MSAV     | SAV      |
| \$84.21  | \$146.07 |

# Small Tract Forestland Values (2020-21)

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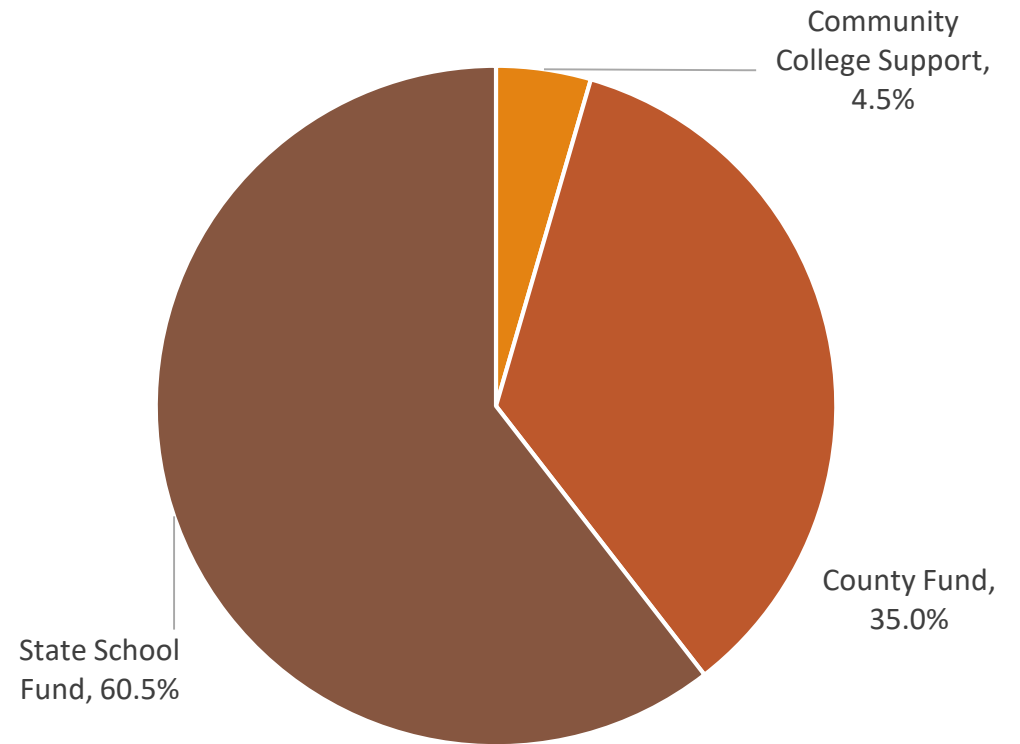
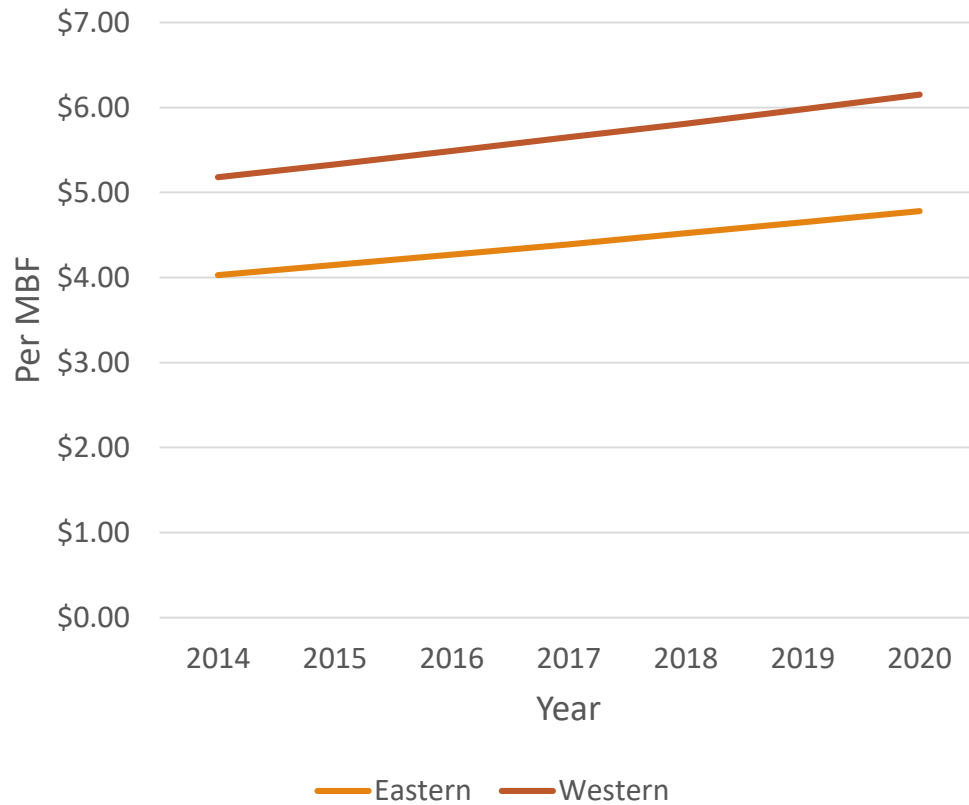
## WESTERN OREGON

| Class | Per Acres |          |
|-------|-----------|----------|
|       | 20% MSAV  | 20% SAV  |
| FA    | \$147.53  | \$241.24 |
| FB    | \$117.08  | \$191.04 |
| FC    | \$97.78   | \$160.36 |
| FD    | \$83.34   | \$136.65 |
| FE    | \$54.48   | \$90.63  |
| FF    | \$40.01   | \$65.53  |
| FG    | \$15.93   | \$27.88  |
| FX    | \$1.52    | \$2.78   |

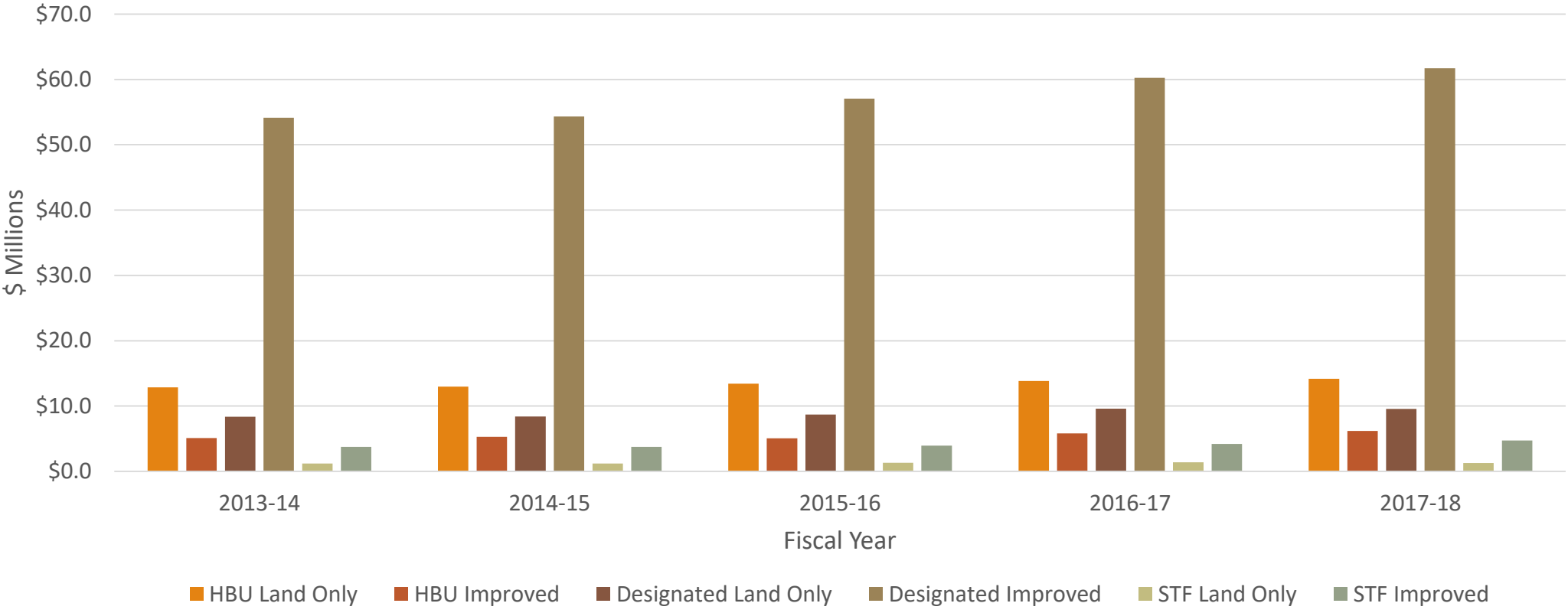
## EASTERN OREGON

| Per Acre |         |
|----------|---------|
| 20% MSAV | 20% SAV |
| \$15.93  | \$29.21 |

# Small Tract Forestland Severance Taxes



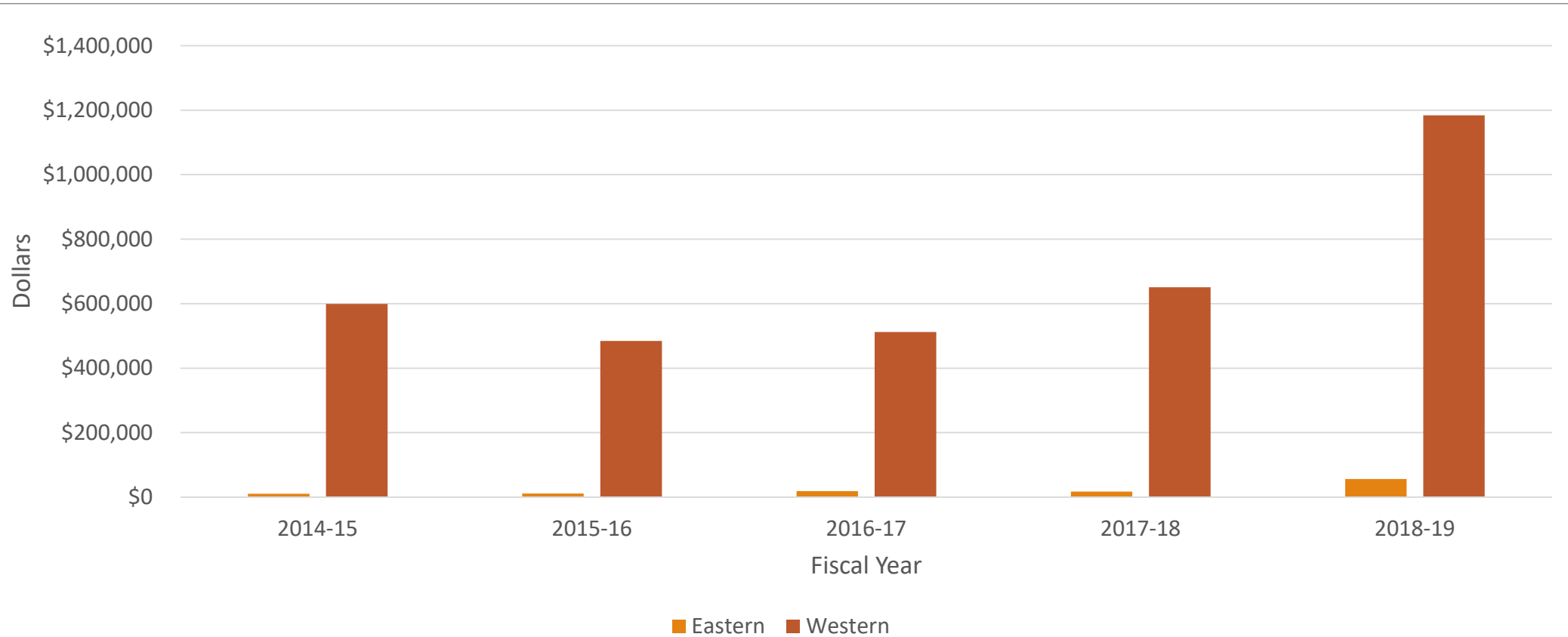
# Forestland Property Taxes



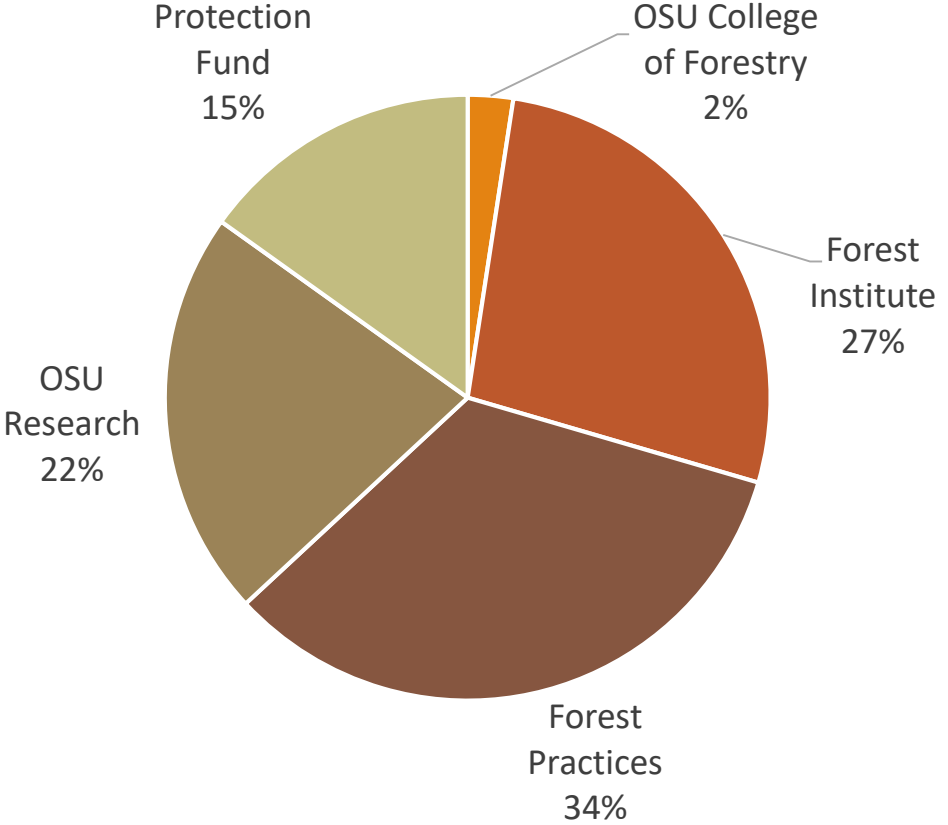
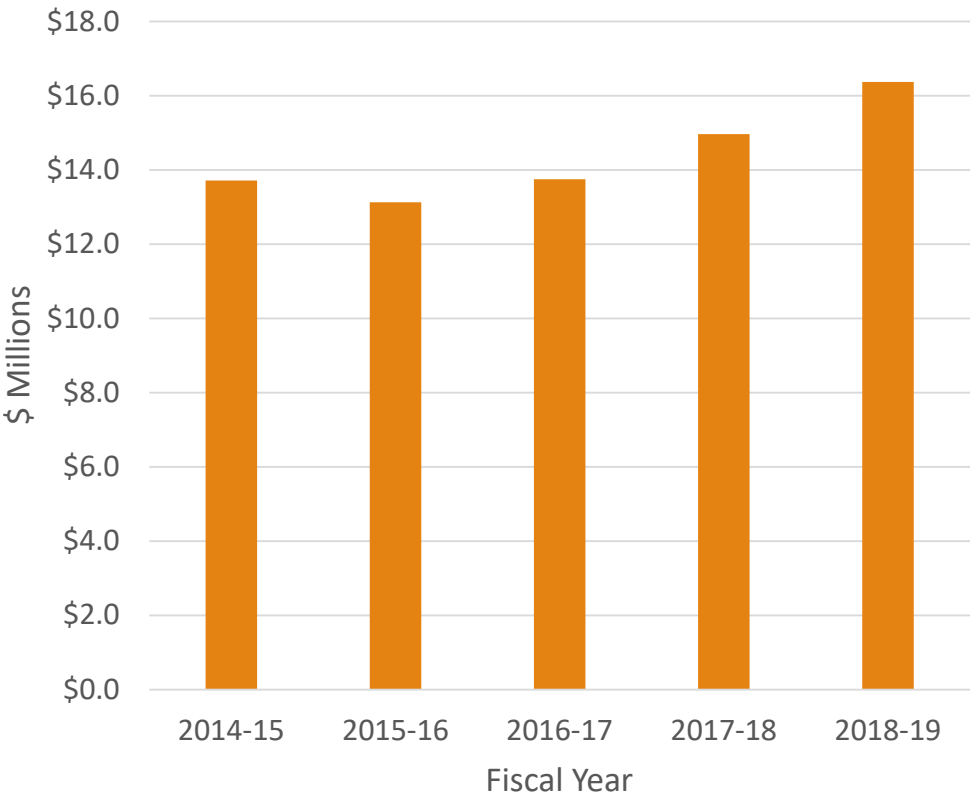
Source: Department of Revenue Data



# STF Severance Tax Collections



# Forest Products Harvest Tax: Collections and Allocation



Source: Department of Revenue Data

## For More Information

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- ▶ SALEM, OR 97301
- ▶ 503-986-1266
- ▶ [HTTPS://WWW.OREGONLEGISLATURE.GOV/LRO](https://www.oregonlegislature.gov/lro)