

# Forestland and Timber Taxation

LEGISLATIVE REVENUE OFFICE

HOUSE INTERIM COMMITTEE ON NATURAL RESOURCES

12.17.2020

# Organization of Slides

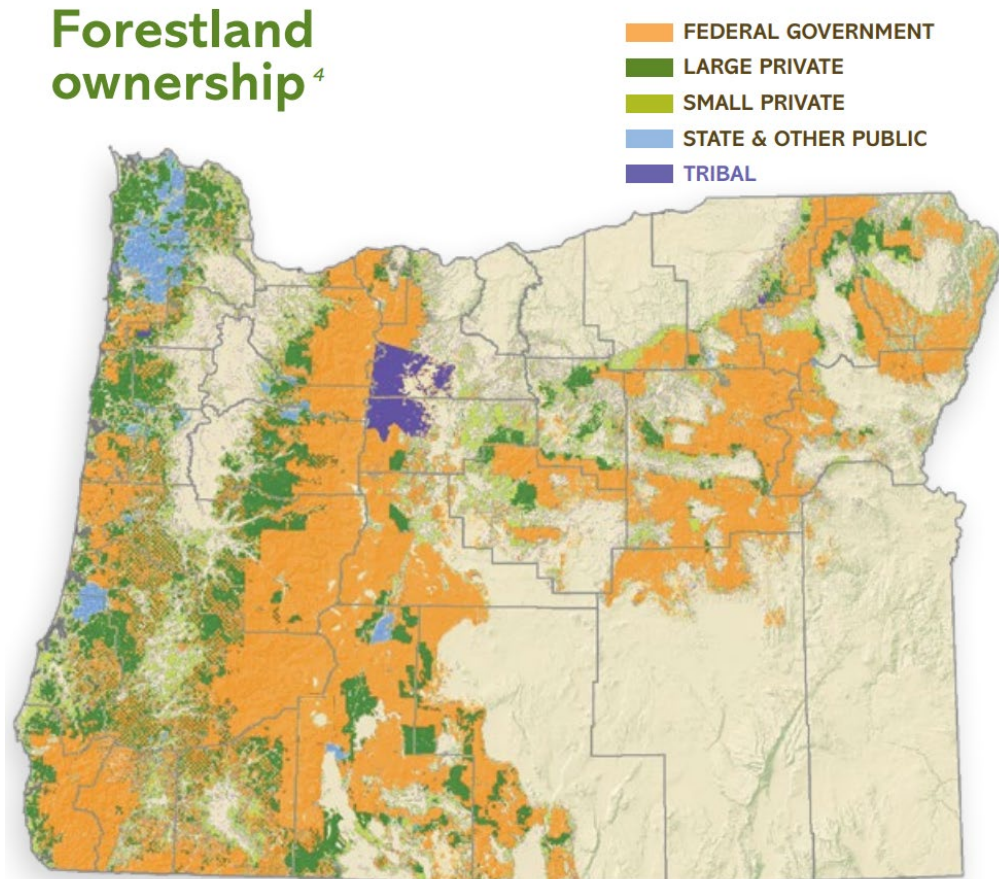
- Forestland Ownership
- Taxation
  - Forestland Program
  - Forest Products Harvest Tax

# Forestland Ownership

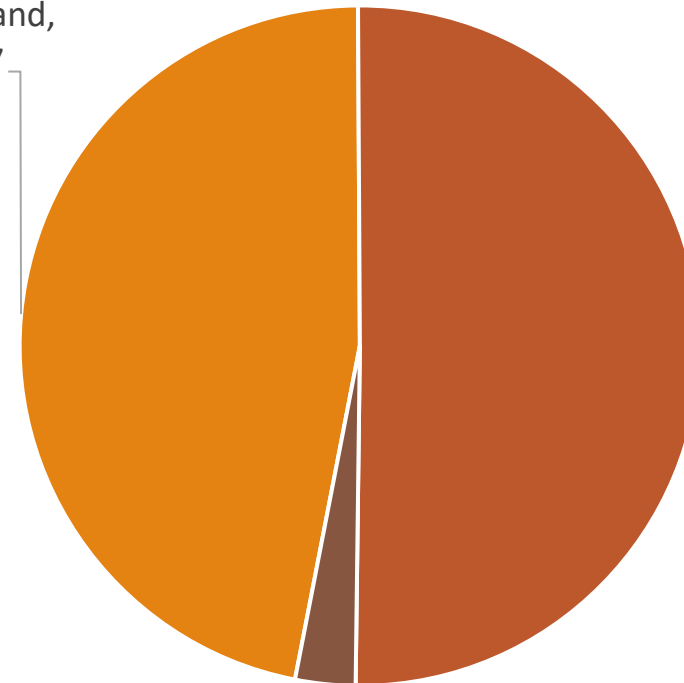
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# Oregon Total Land Area

(63.3 Million Acres)



Forestland,  
29.7

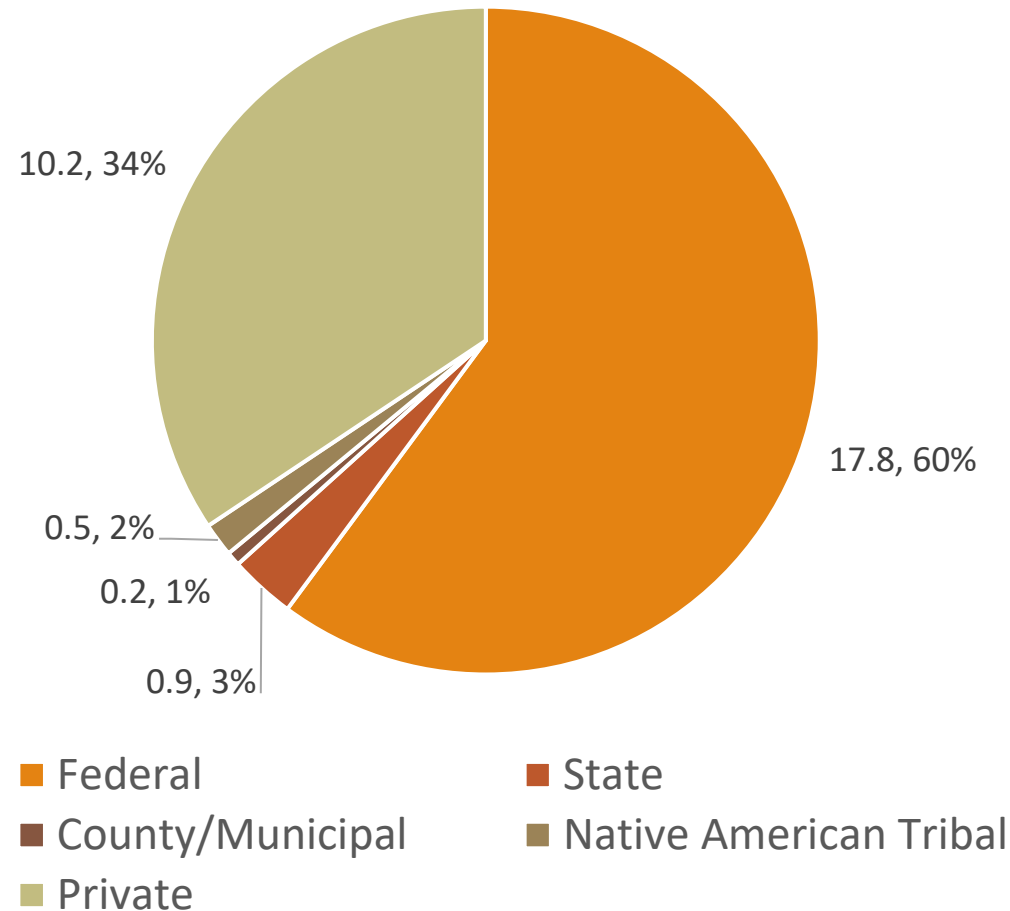


Non-Forestland  
(Urban, Cropland,  
Range, etc.), 31.8

Water, 1.8

# Oregon Forestland Area

(29.7 Million Acres)



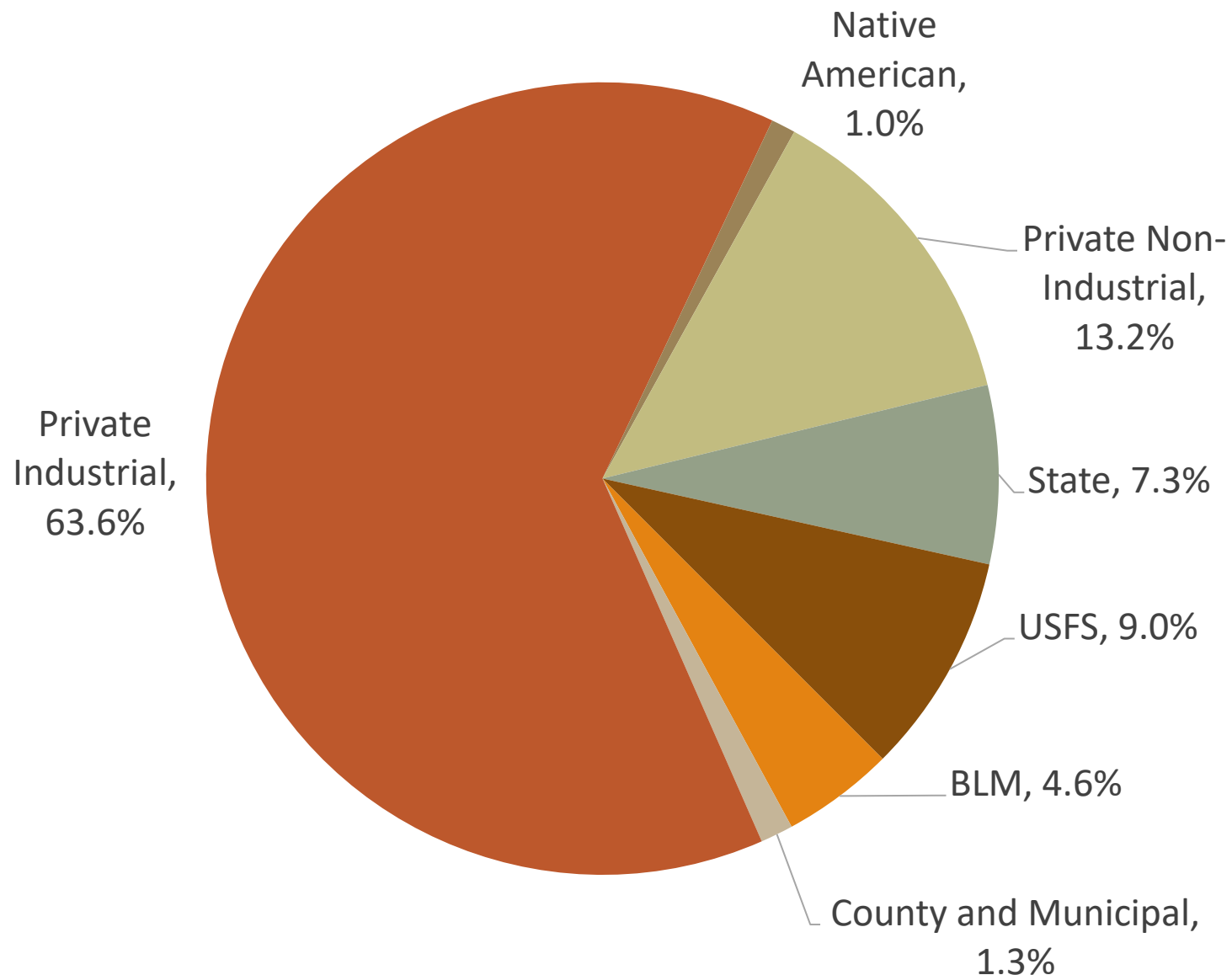
Government Forestland	Acres (M)	Share
Federal		
U.S. Forest Service	14.07	74%
Bureau of Land Management	3.57	19%
National Park Service	0.16	1%
Other	0.03	< 1%
State & Local	1.15	6%
Total Government	18.98	100%

Private Forestland	Acres (M)	Share
Large Owners ( $\geq 5,000$ acres)	6.58	65%
Small Owners ( $< 5,000$ acres)	3.61	35%
Total Private	10.19	100%

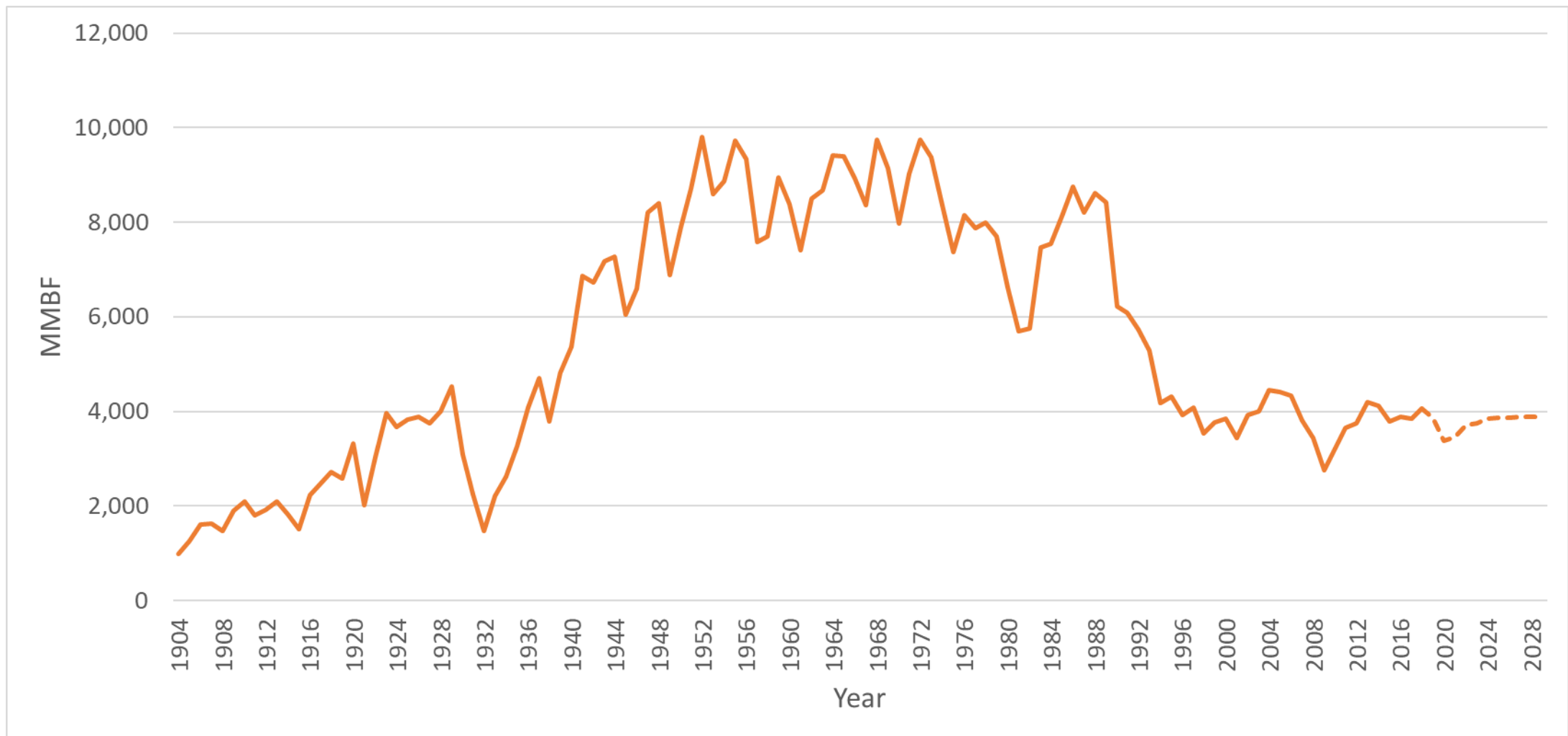
# Oregon Timber Harvest

## 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

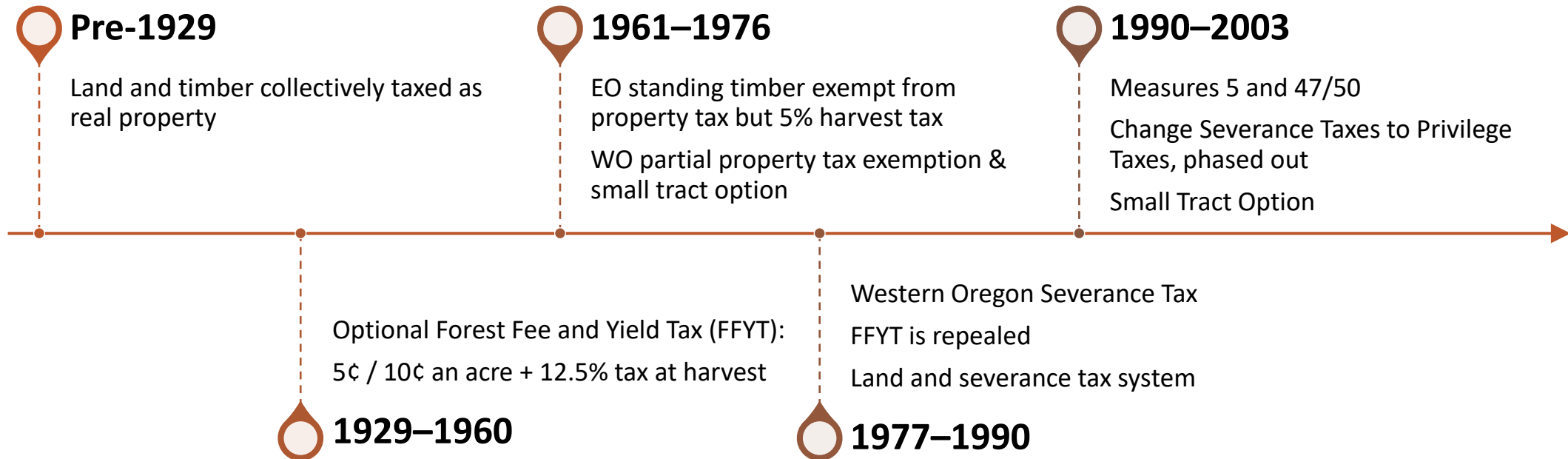
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# Taxation Policy

- 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)

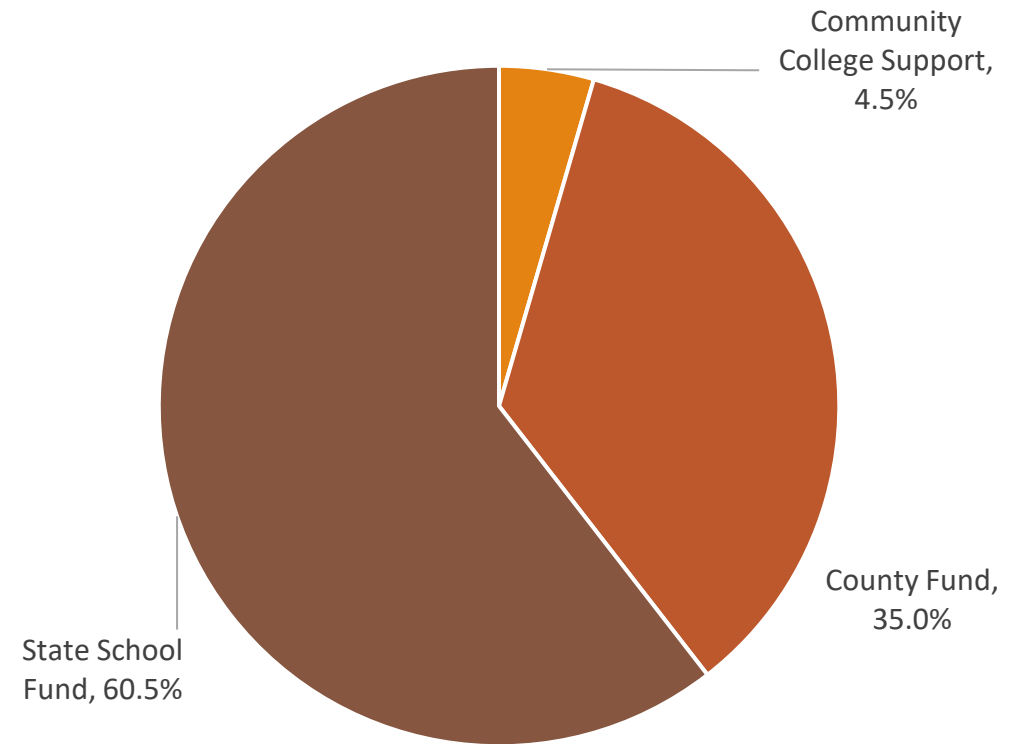
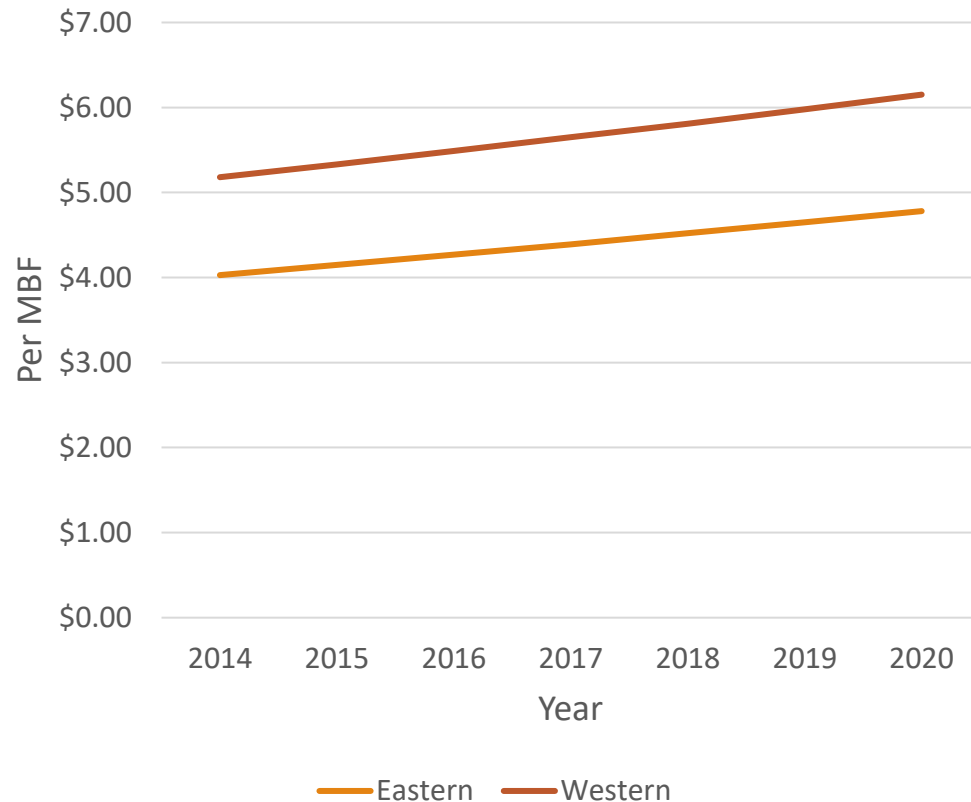
## WESTERN OREGON

	Per Acres	
Class	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

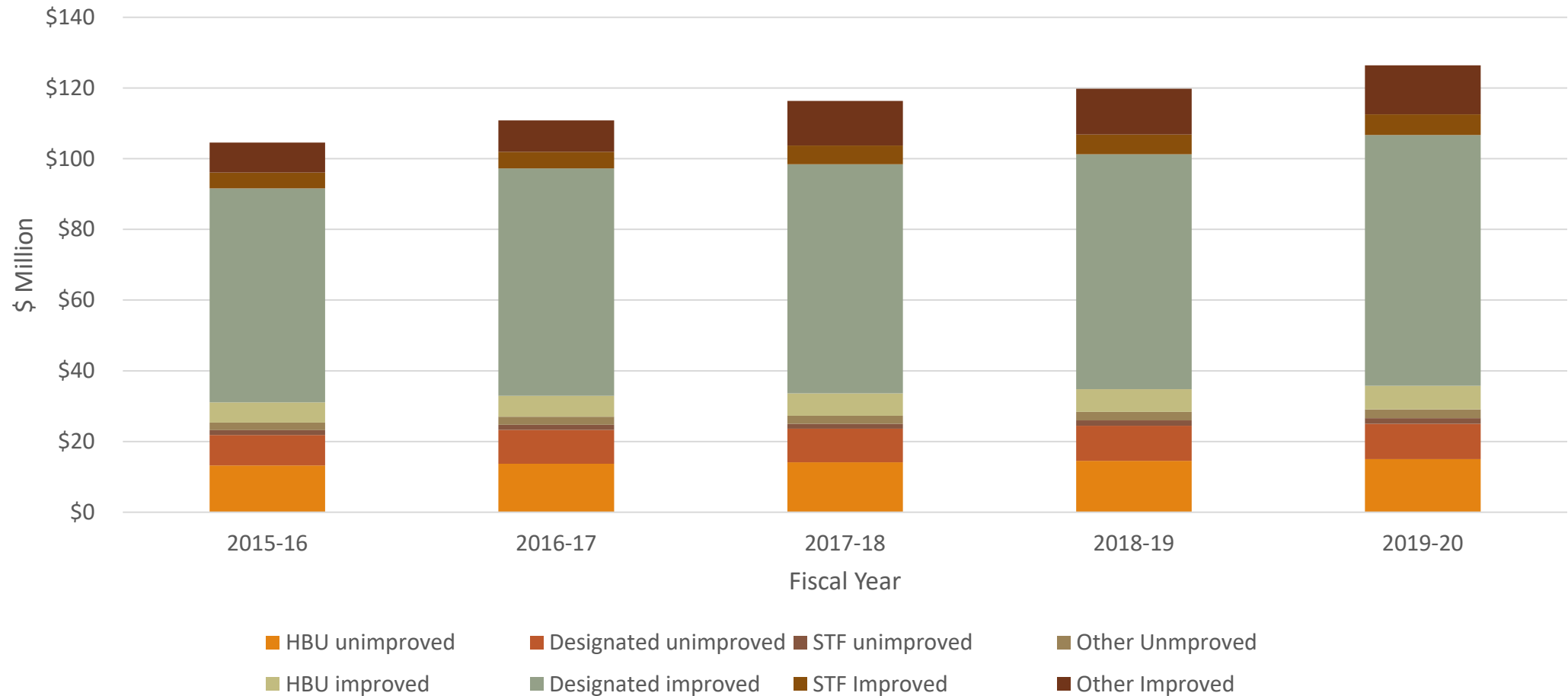
## EASTERN OREGON

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

# Small Tract Forestland (STF) Severance Taxes

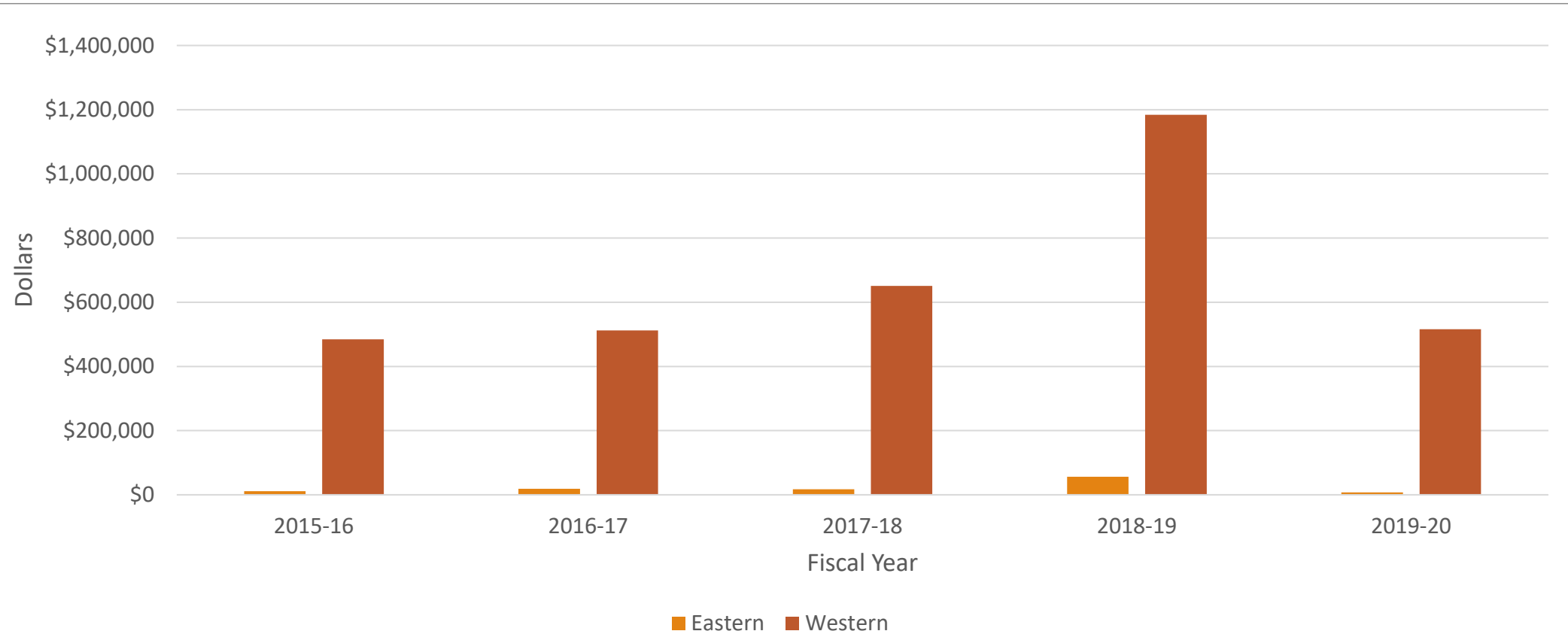


# Forestland Property Taxes

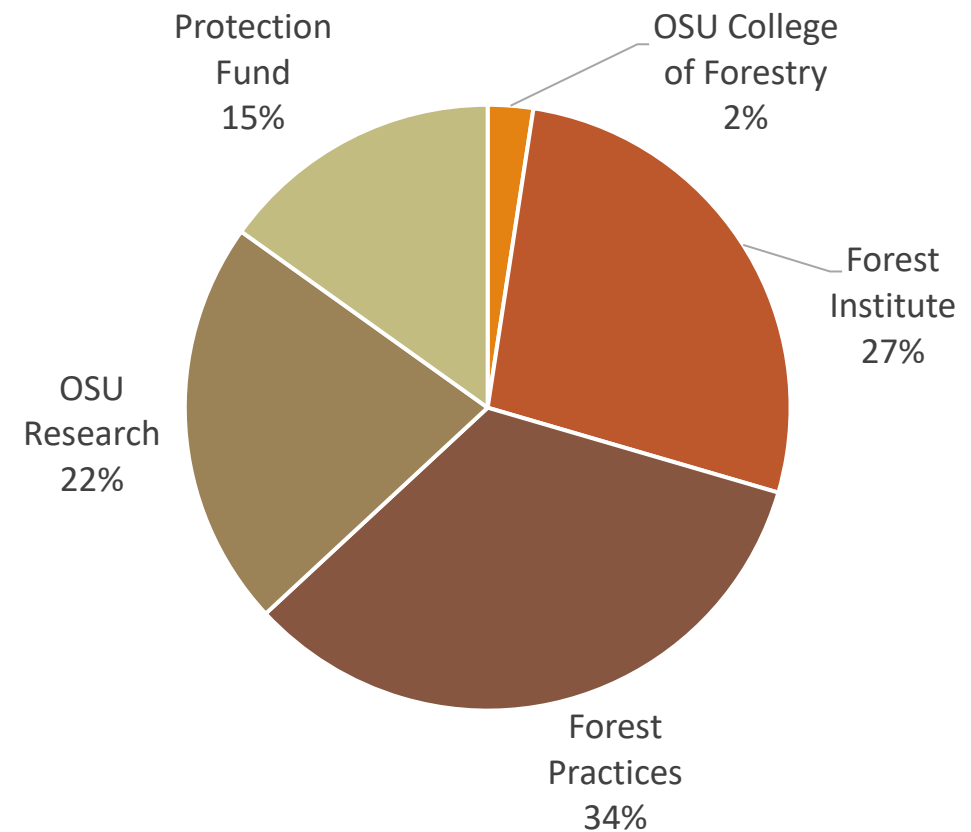
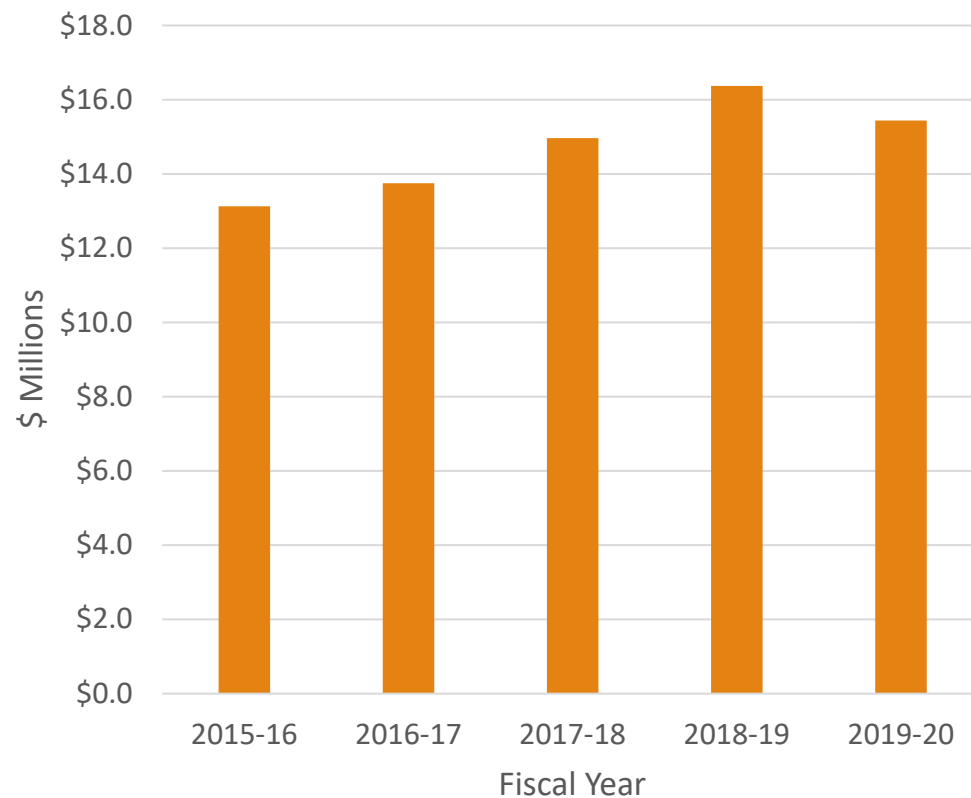


Source: Preliminary Estimates based on Department of Revenue Data (approx. 90% of acreage)

# STF Severance Tax Collections



# Forest Products Harvest Tax: Collections and Allocation



## For More Information

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