



## Agency response

*Questions from the Joint Committee on Ways and Means  
Subcommittee on General Government*



March 20, 2019





**What are the timber severance and harvest tax rates, and have those been revised recently?**

The Forest Products Harvest Tax (FPHT) applies to timber harvested from any land in Oregon, except most tribal lands. The 2019 FPHT is currently set at \$4.2811 per thousand board feet (MBF). A board-foot is an inch-thick board that is one foot long by one foot wide. The first 25,000 board feet (25 MBF) of timber harvested by an owner each year are exempt.

The FPHT is subject to regular revision. In each long session, the Legislature sets the budget for the various recipients of the tax and sets four of five components of the rate. The Oregon Forest Resources Institute (OFRI) board of directors develops their portion of the rate annually based on the Consumer Price Index. The 2019 FPHT rate is addressed in House Bill (HB) 2073.

Most forestland owners choose to have their property taxed under the forestland program and pay the FPHT upon harvest. This program is available to owners with at least two acres of forested land. The annual property tax is based on a special-assessment value that represents the price a knowledgeable purchaser would pay for land that is primarily used to grow and harvest timber, which is typically much lower than the real market value.

The small tract forestland (STF) program is available to landowners who own at least 10 but less than 5,000 acres of forestland. Under the STF program, the landowner pays 20 percent of the typical forestland property tax annually, but must also pay the STF severance tax when they harvest timber from the property.

The preliminary 2019 STF severance tax rate is currently set at \$4.65 for Eastern Oregon and \$5.98 for Western Oregon. Rates are recalculated annually by the department and are finalized after the specially-assessed forestland values are certified on or before June 1. Unlike the FPHT, there is no exemption for the first 25 MBF.

For additional information, Section I of the Legislative Revenue Office publication [2019 Oregon Public Finance: Basic Facts](#) provides a summary of how timber is taxed in Oregon and some historic rate information.