

Best Practices: Understanding Timber Taxation

To: The House Committee on Agriculture and Natural Resources

From: Chuck Willer

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1. Constant Inflation Adjusted Dollars: Always require the Legislative Revenue Office to provide historic tax tables in inflation adjusted constant or real dollars.

2. Cubic Volume: When requesting or receiving timber volume data, require the data be in cubic volume and not Scribner board foot volume. Scribner volume was developed for measuring large saw timber logs not small diameter logs. For example, Weyerhaeuser reports timber production to investors only in cubic volume.

3. Timber Taxation: Comparing taxation between years requires looking at the total tax burden. For example, the phase out of the Severance/Privilege tax was accompanied by an increase in property taxation for industrial owners. Small woodlot owners continue to defer property taxes until timber harvest. Industrial owners now pay no severance/privilege tax at harvest and were supposed to pay higher property taxes. The combination of forest owner property taxes and any taxes at the time of harvest is the proper measure of the public's interest in timber production.

4. Property taxes are a result of multiplying the property tax rate of the taxing district times the assessed value of the parcel – subject to the rigmarole of adjustments due to Ballot Measures 5 and 50. In the shift toward industrial owners paying more property taxes, legislation required land values be set in Salem at the Department of Revenue. The published schedule of land values for 2021 is attached.

Question 1: Has the Legislature received a current map of the land values?

Question 1.1: Is a table available of the number of acres for each soil fertility level?

Question 1.2 Has the mapped soil fertility data been assessed for percent of industrial and non-industrial ownership per ownership type?

Question 1.3: Will Oregon make available to the public a geospatial database of the western Oregon's soil fertility data layer?

Question 1.4: Will Oregon release to the public an annual geospatial database of taxing districts with their tax rates?

Question 1.5: Does the assessed value of the forestland parcels make sense? An easy way to

assess the validity of the land values scheme is to compare current cubic volume growth for each land fertility zone to the zone's assessed value.

The land base of ownership types has changed since the 1960s, industrial owners have bought out or acquired from 750,000 to one million acres of non-industrial forestland.

Question 2: What is the historic **total tax burden per acre** of forestland for industrial owners and non-industrial owners?

Year	Industrial Owners			Non-Industrial Owners		
	Total Taxes*	Acres Owned	\$/Acres	Total Taxes*	Acres Owned	\$/Acres
1960-69	?	?	?	?	?	?
1970-79	?	?	?	?	?	?
1980-89	?	?	?	?	?	?
1990-99	?	?	?	?	?	?
2000-09	?	?	?	?	?	?
2010-19	?	?	?	?	?	?

*Property taxes + Tax on timber harvested. Inflation adjusted dollars (BLS-CPI Calculator)

The quantity of taxation per acre of ownership is closely connected to the question of total taxation per cubic volume of harvest. A table of historic harvest volume per ownership type is required.

Question 3: What is the historic taxation per cubic volume harvested?

Year	Industrial Owners			Non-Industrial Owners		
	Total Taxes*	Volume Harvested	\$/Cubic Measure	Total Taxes*	Volume Harvested	\$/Cubic Measure
1960-69	?	?	?	?	?	?
1970-79	?	?	?	?	?	?
1980-89	?	?	?	?	?	?
1990-99	?	?	?	?	?	?
2000-09	?	?	?	?	?	?
2010-19	?	?	?	?	?	?

*Property taxes + Tax on timber harvested. Inflation adjusted dollars (BLS-CPI Calculator)



Oregon

Kate Brown, Governor

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May 15, 2020

To Whom It May Concern:

ORS 321.216 requires that the Department of Revenue certify the specially assessed values of forestland to the counties on or before June 1 of each year. I, therefore, certify that the enclosed schedule contains the 2020-2021 per acre values of forestland in your county.

- These certified specially assessed values constitute the department's determination of the real market value, as of the assessment date for the tax year, of highest and best use forestland.
- These certified specially assessed values constitute the specially assessed values, as of the assessment date for the tax year, of designated forestland that is assessed under either ORS 321.354 in the land class for which the certification is being made for western Oregon or ORS 321.833 (formerly 321.812) for eastern Oregon.
- The 2020-2021 Maximum Specially Assessed Value (MSAV) was calculated using a three percent increase over last year's Assessed Value (AV) and is included in the table for your benefit.
- The 20% Specially Assessed Value (SAV) is for use on forestland that is assessed under 321.700 to 321.754 (Small Tract Forestland Option).
- The 20% MSAV value for the tax year beginning July 1, 2020 was calculated using a three percent increase over last year's 20% AV and is included in the table for your benefit.

The values in this certification are calculated based on the procedures set out by ORS 321.207 to 321.213 and OAR 150-321-0200.

Paul Morrison, Manager
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Property Tax Division

Enclosure: **Oregon Forestland Values for 2020 – 2021**

OREGON FORESTLAND VALUES

FOR

JULY 1, 2020 – JUNE 30, 2021

WESTERN OREGON

Forestland Class	Forestland Program		Small Tract Forestland Program	
	MSAV	SAV	20% MSAV	20% SAV
FA	\$743.70	\$1,206.20	\$147.53	\$241.24
FB	\$589.98	\$955.20	\$117.08	\$191.04
FC	\$494.11	\$801.81	\$97.78	\$160.36
FD	\$419.72	\$683.28	\$83.34	\$136.65
FE	\$279.23	\$453.19	\$54.48	\$90.63
FF	\$201.54	\$327.69	\$40.01	\$65.53
FG	\$84.21	\$139.44	\$15.93	\$27.88
FX	\$9.83	\$13.94	\$1.52	\$2.78

EASTERN OREGON

Forestland Class	Forestland Program		Small Tract Forestland Program	
	MSAV	SAV	20% MSAV	20% SAV
Eastern Oregon	\$84.21	\$146.07	\$15.93	\$29.21

MSAV – Maximum Specially Assessed Value (Measure 50)

SAV – Specially Assessed Value (ORS 321.207)

20% MSAV – 20% Maximum Specially Assessed Value for qualified Small Tract Forestland Program properties (Measure 50)

20% SAV – 20% Specially Assessed Value for qualified Small Tract Forestland Program properties (ORS 321.722)