



Forestland and Timber Taxation

Legislative Revenue Office
House Committee on Revenue
March 7, 2021



Organization

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



Forestland Ownership

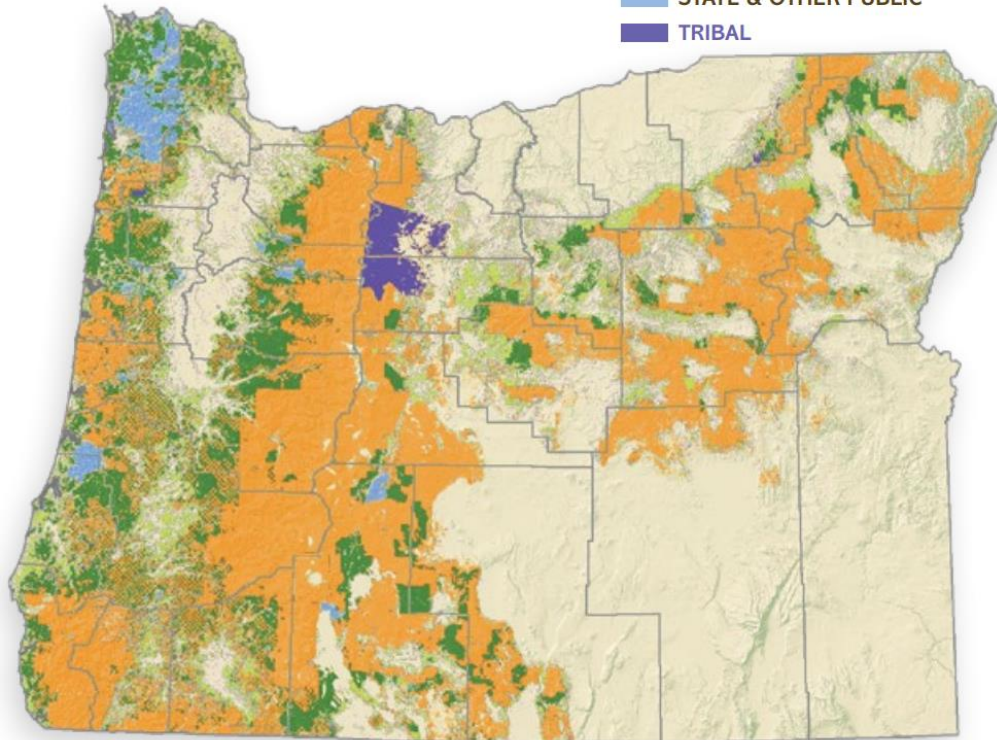




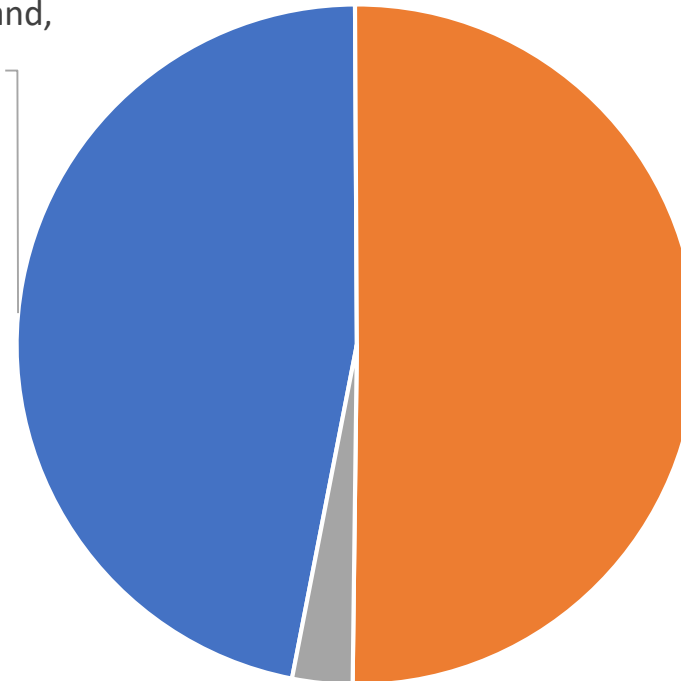
Oregon Total Land Area (63.3 Million Acres)

Forestland ownership⁴

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



Forestland,
29.7



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

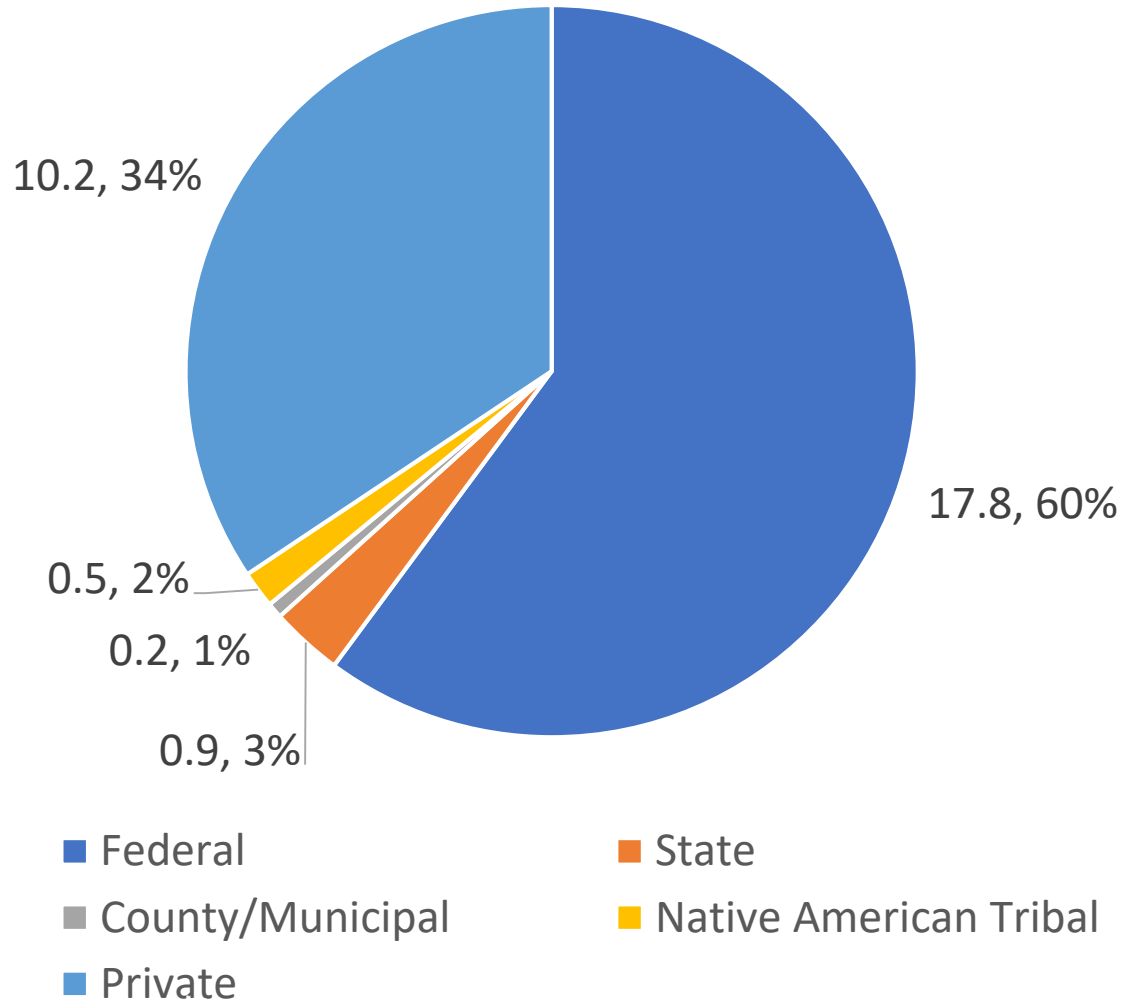
Water, 1.8





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%
Total Government	18.98	100%

Private Forestland	Acres (M)	Share
Large Owners	6.58	65%
Small Owners	3.61	35%
Total Private	10.19	100%



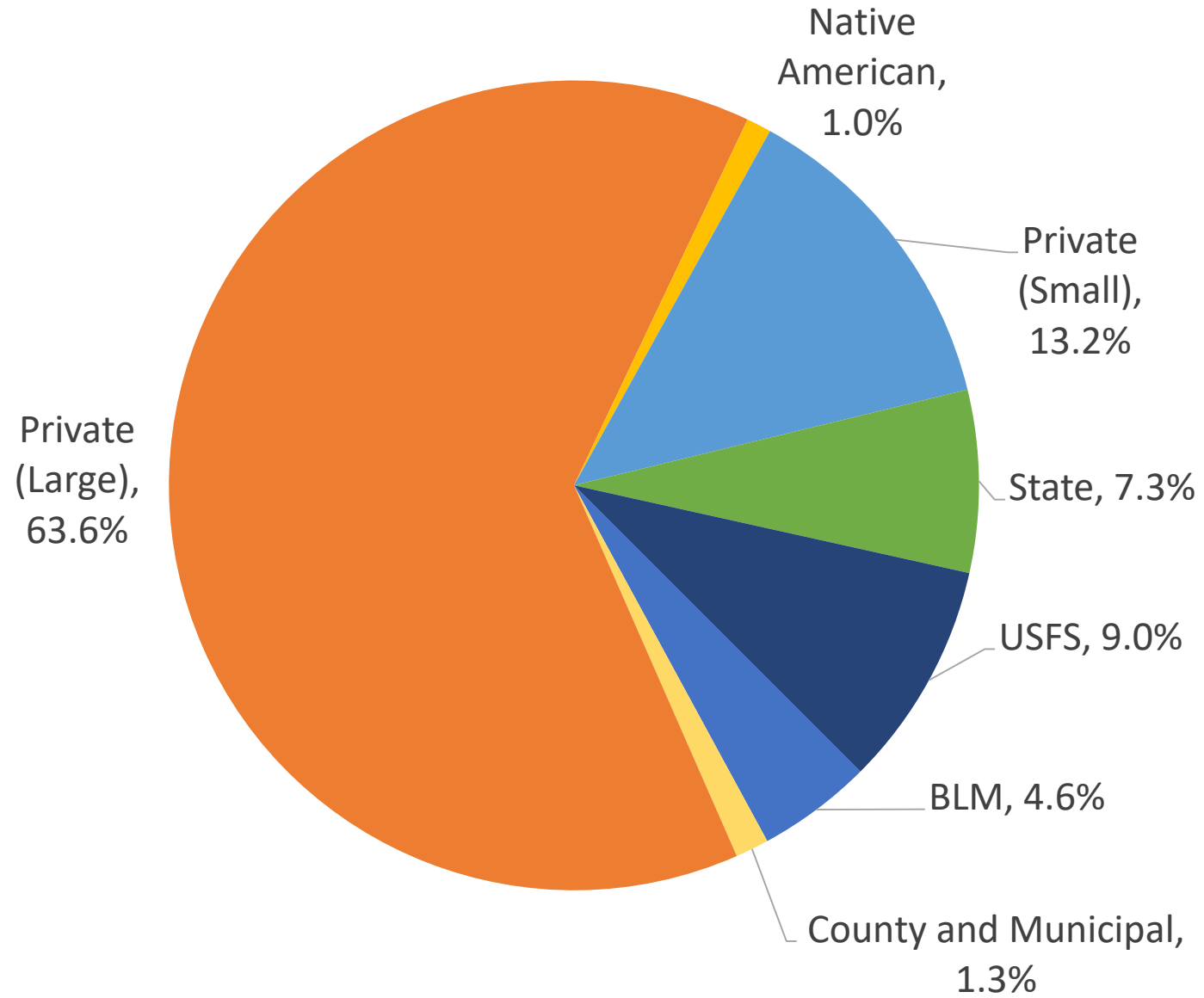


Oregon Timber Harvest

by Location of Harvest

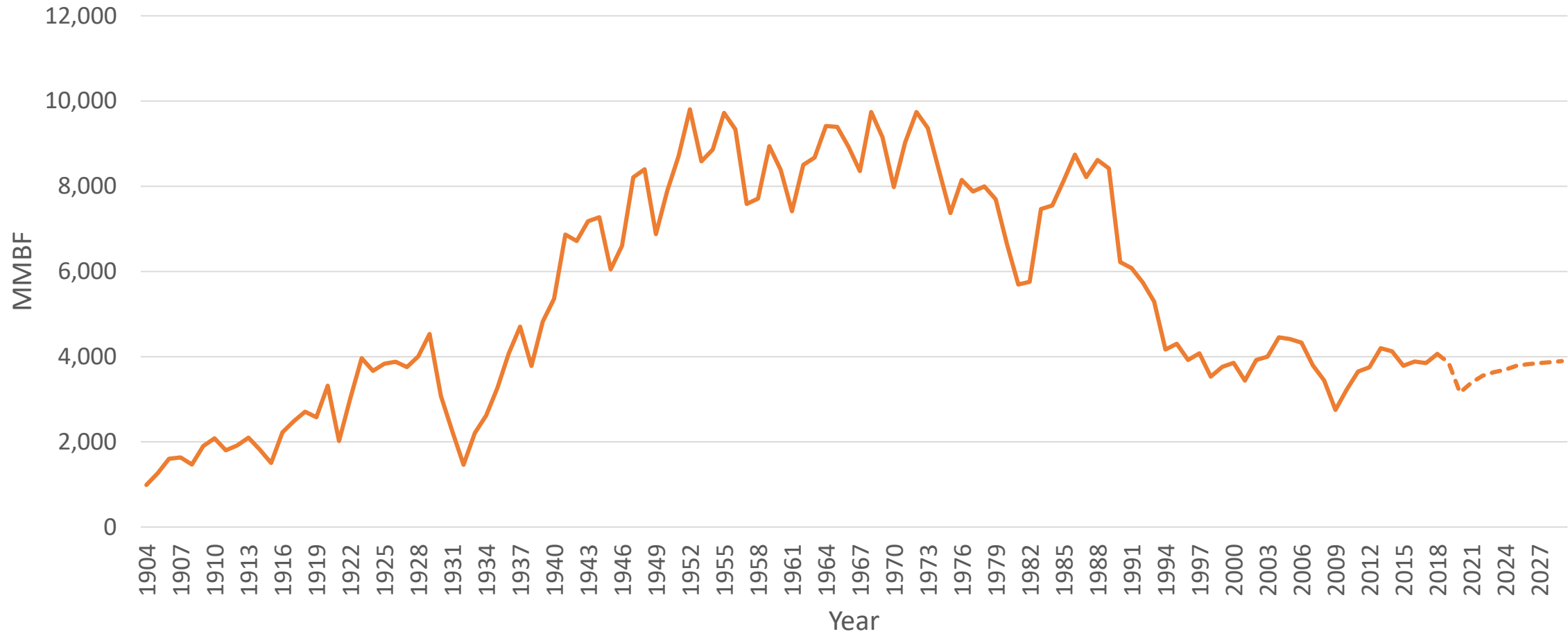
Average shares for 2013-2018

Source: Oregon Transparency Website



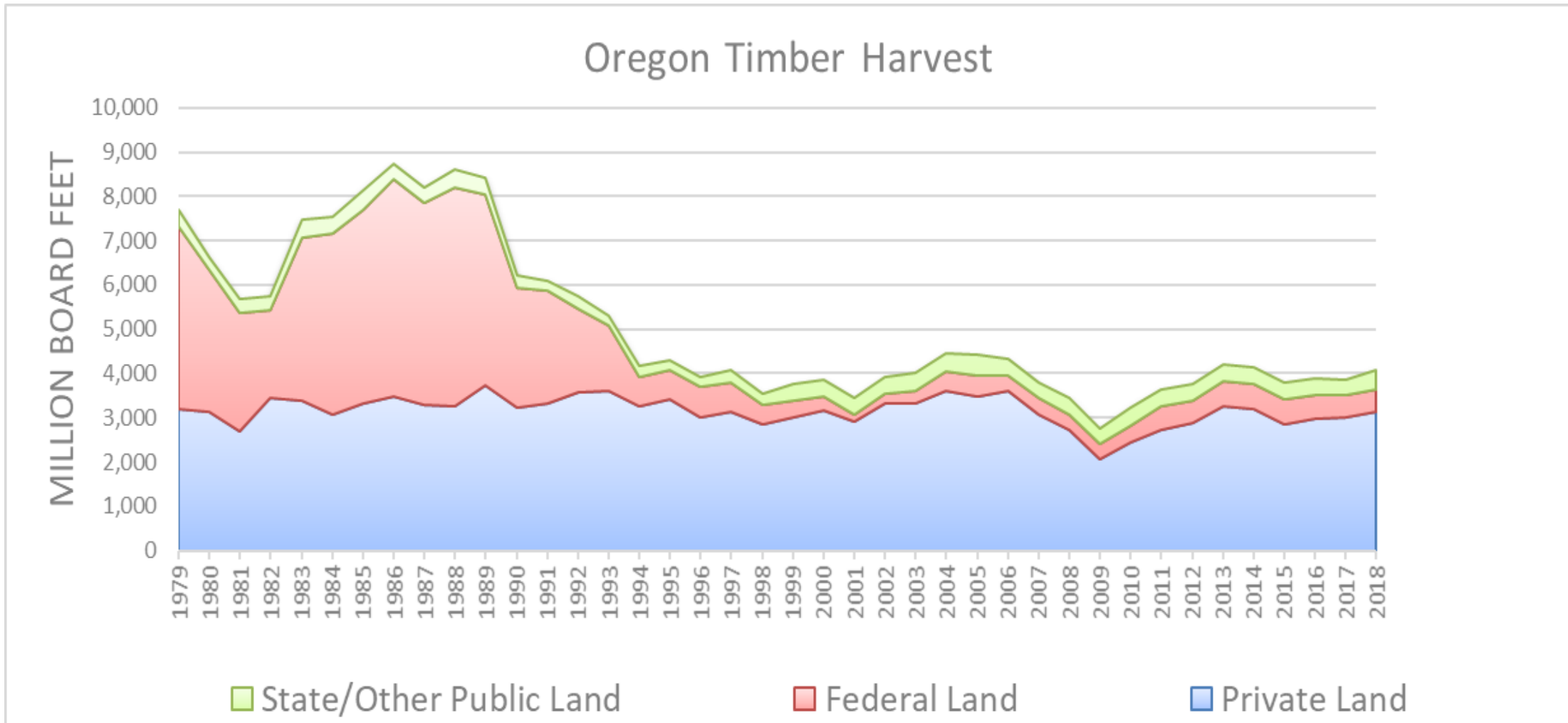


Annual Harvest – million board feet





Oregon Timber Harvest





Historic Pond Value of Timber

Year	Price /mbf	
	Avg EO	Avg WO
2010	\$ 310.94	\$ 443.81
2011	\$ 353.44	\$ 512.99
2012	\$ 351.88	\$ 529.13
2013	\$ 401.88	\$ 623.45
2014	\$ 429.38	\$ 657.04
2015	\$ 419.69	\$ 591.53
2016	\$ 425.94	\$ 631.58
2017	\$ 488.47	\$ 730.67
2018	\$ 495.88	\$ 787.91
2019	\$ 414.25	\$ 656.38





Taxation





Taxation Policy: How can timber be taxed?

- Harvest Taxes
 - Value
 - Volume
- Property Taxes
- Combination





Brief Historical Overview

Pre-1929

Land and timber collectively taxed as real property

1961–1976

EO standing timber exempt from property tax but 5% harvest tax
WO partial property tax exemption & small tract option

1990–2003

Measures 5 and 47/50
Change Severance Taxes to Privilege Taxes, phased out
Small Tract Option

Optional Forest Fee and Yield Tax (FFYT):
5¢ / 10¢ an acre + 12.5% tax at harvest

1929–1960

Western Oregon Severance Tax
FFYT is repealed
Land and severance tax system

1977–1990



Changes in Harvest Taxes

Legislation Year	Effective Period	Western Oregon		Eastern Oregon	
		Regular	Reforestation	Regular	Reforestation
1993	1994	4.4%	5.75%	3.3%	5.61%
(HB 2438)	1995	3.8%	4.82%	2.9%	4.78%
	1996+	3.2%	3.2%	1.8%	1.8%
1999	2000-01	1.9%		1.1%	
(HB 3573)	2002	1.4%		0.8%	
	2003+	None		None	

1993 HB 2438 was enrolled as Oregon Laws Chp 108





Taxes imposed upon Harvest





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

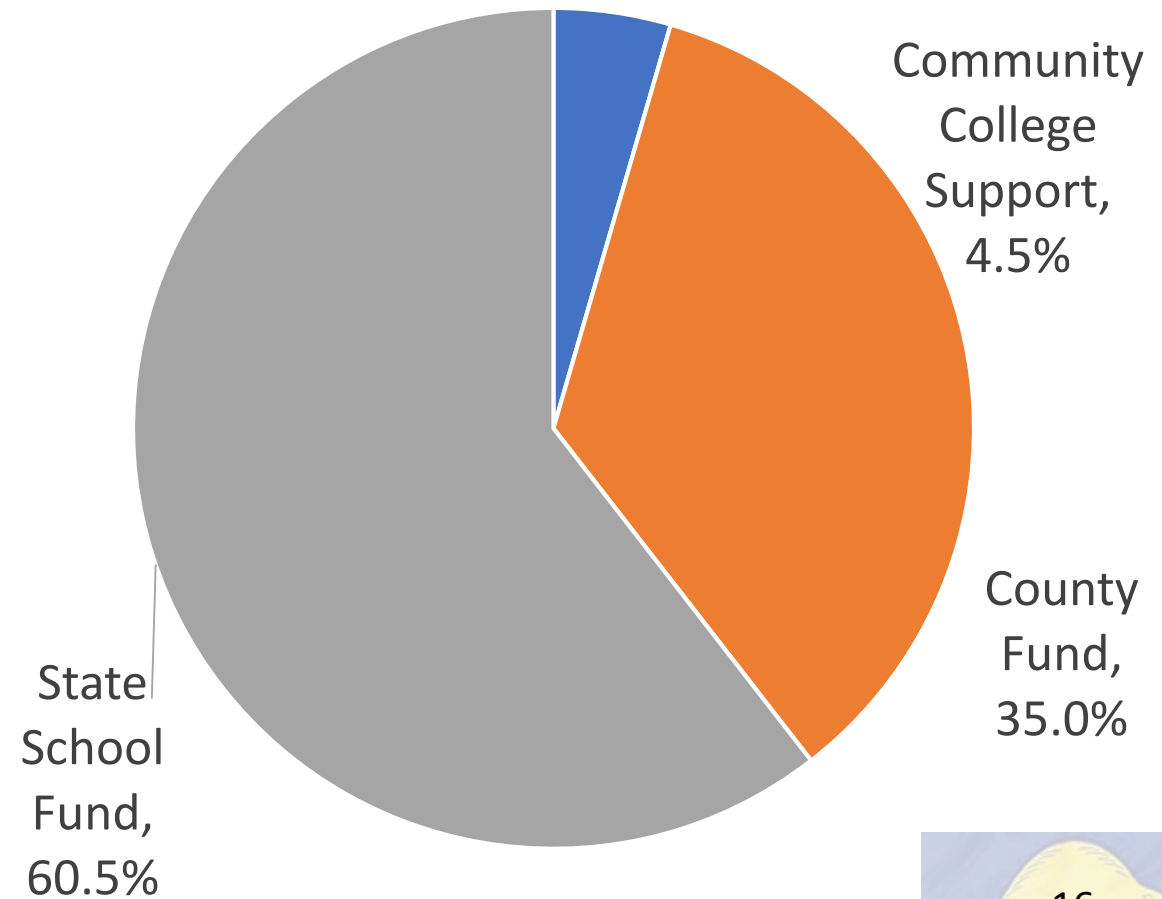
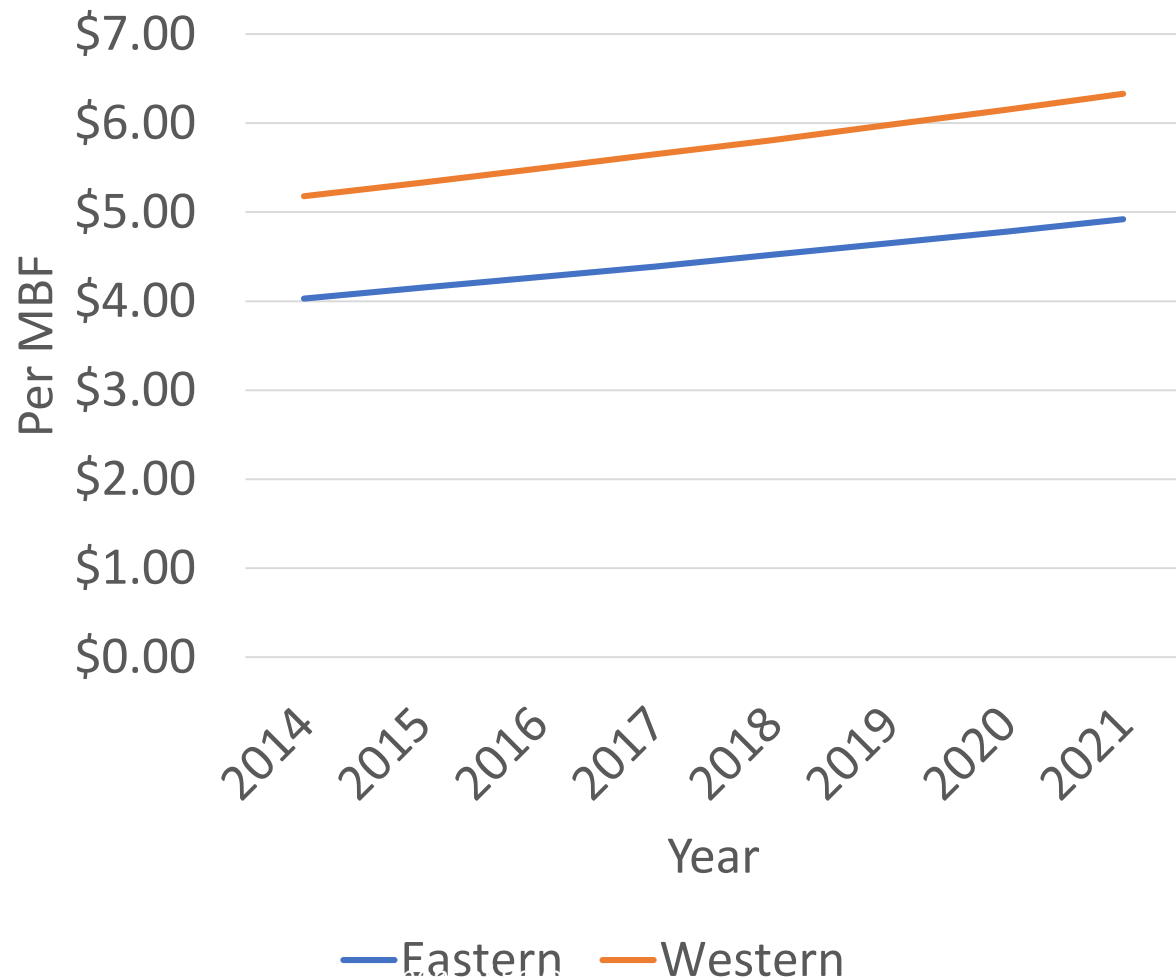
\$1.1200 – for Oregon Forest Resources Institute

First 25 MBF exempt



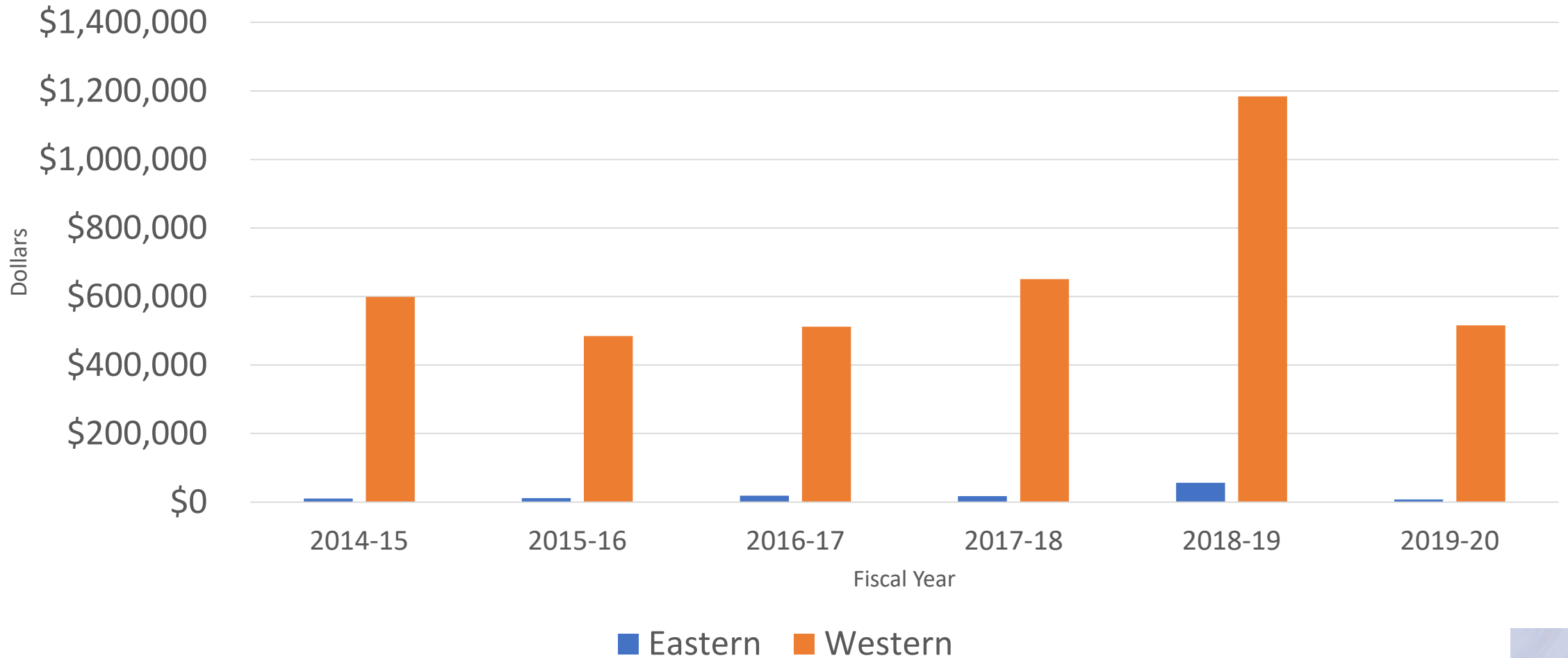


Small Tract Program Severance Taxes



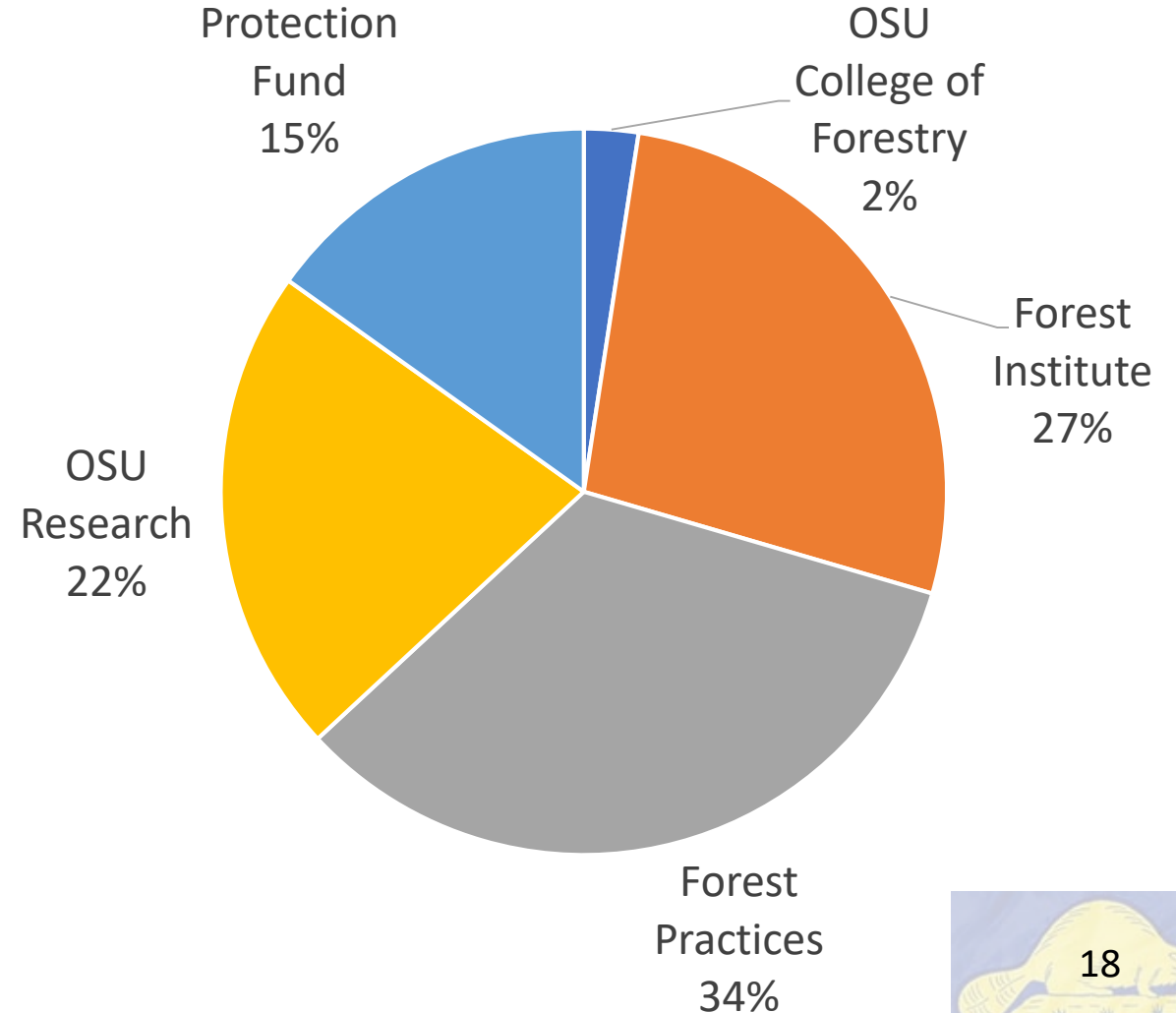
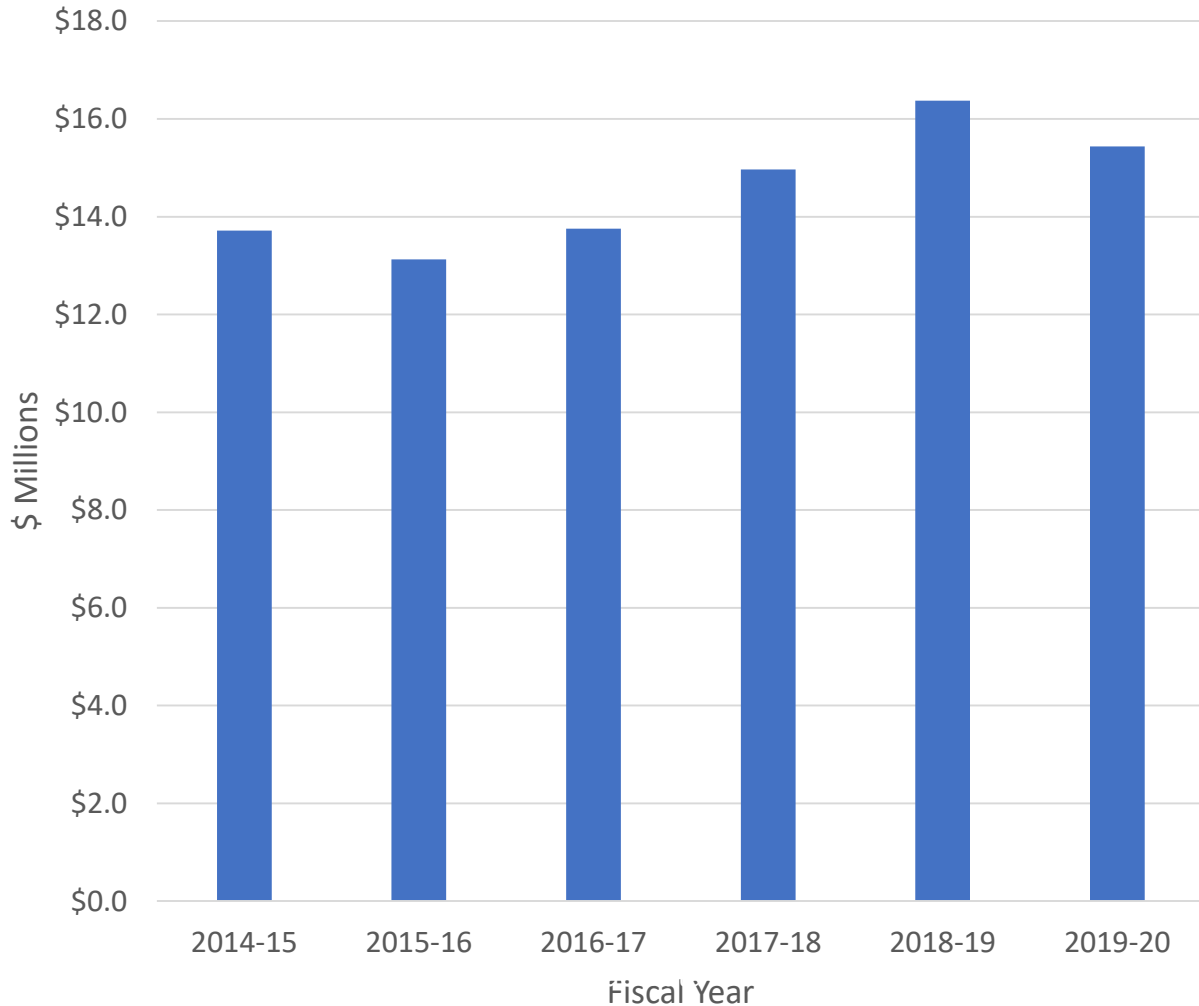


STF Severance Tax Collections



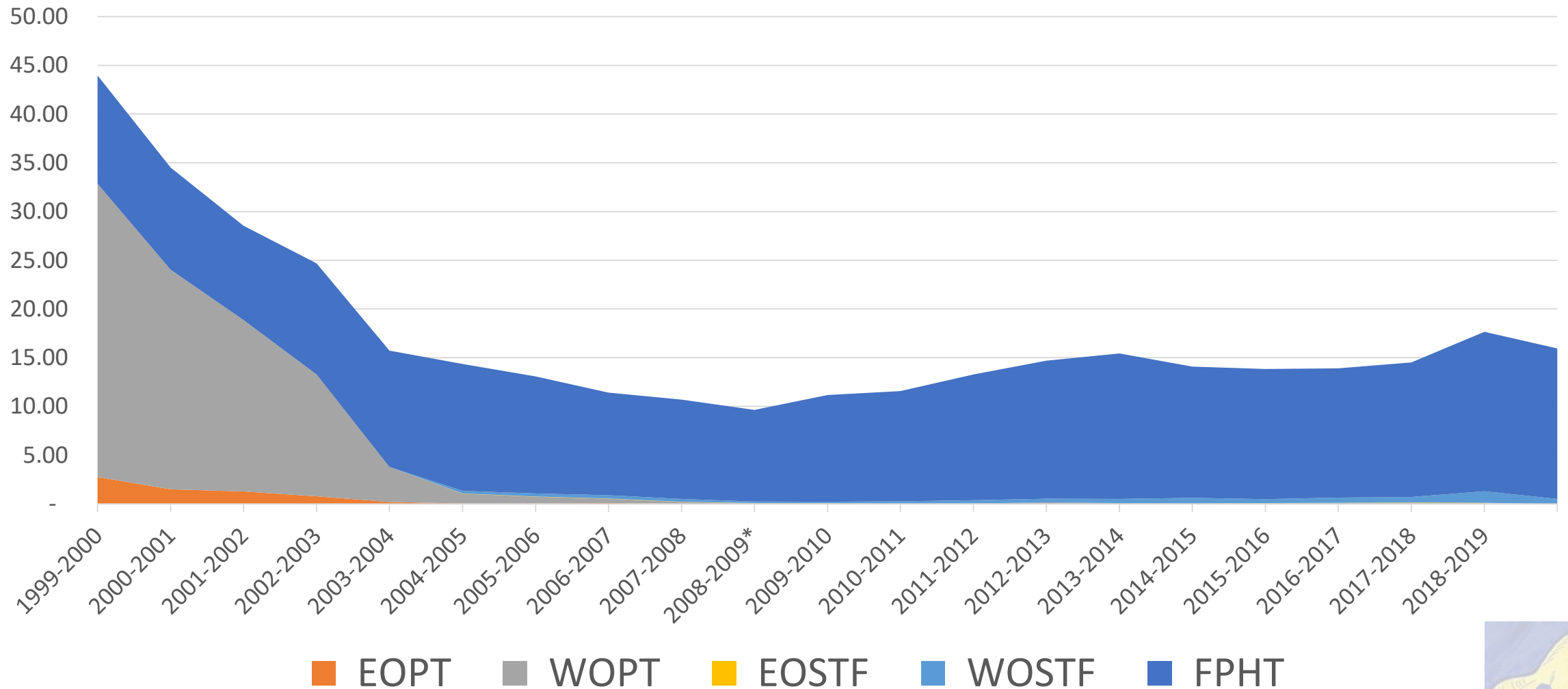


Forest Products Harvest Tax: Collections and Allocation





Taxes on Harvest over the Years (\$ millions)





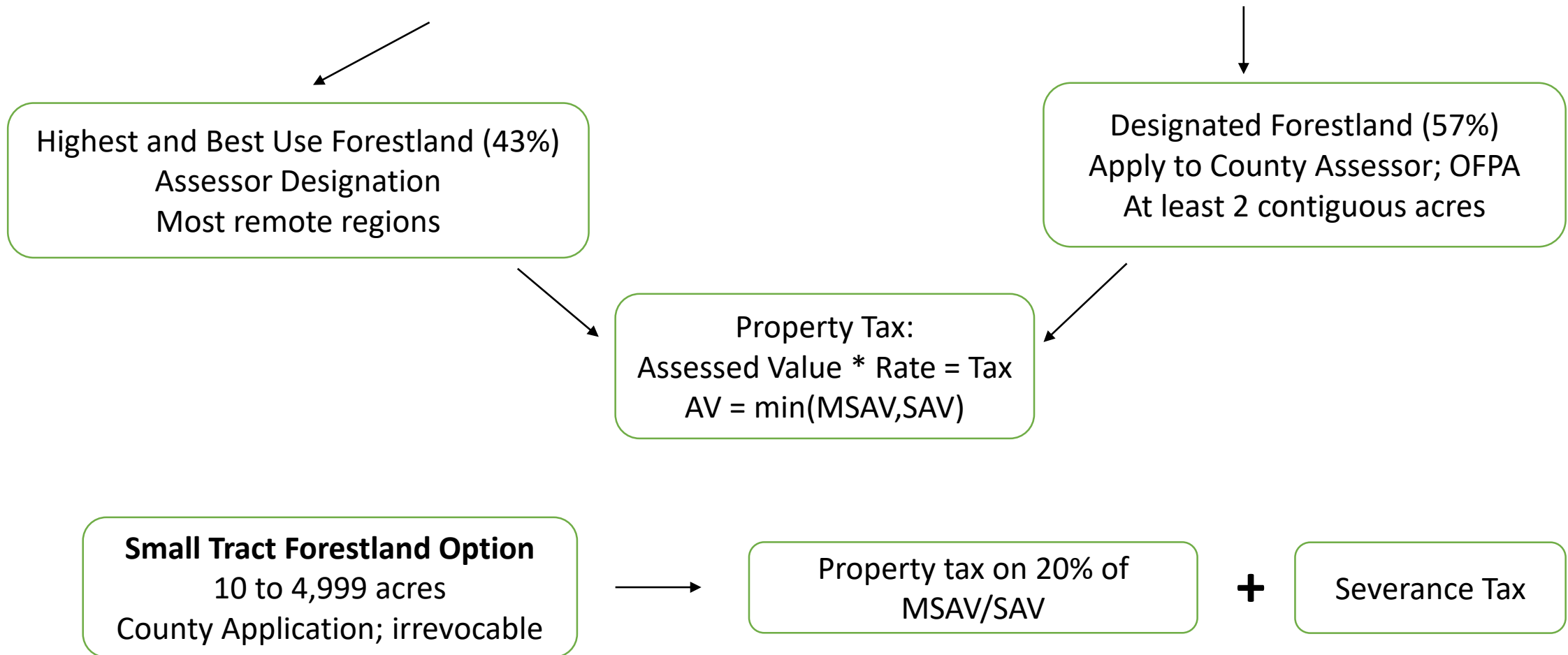
Taxes imposed on the Land





Private Forestland

Designated Forestland or Highest and Best Use Forestland





Oregon Forestland Values

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





Small Tract Forestland and Severance Tax

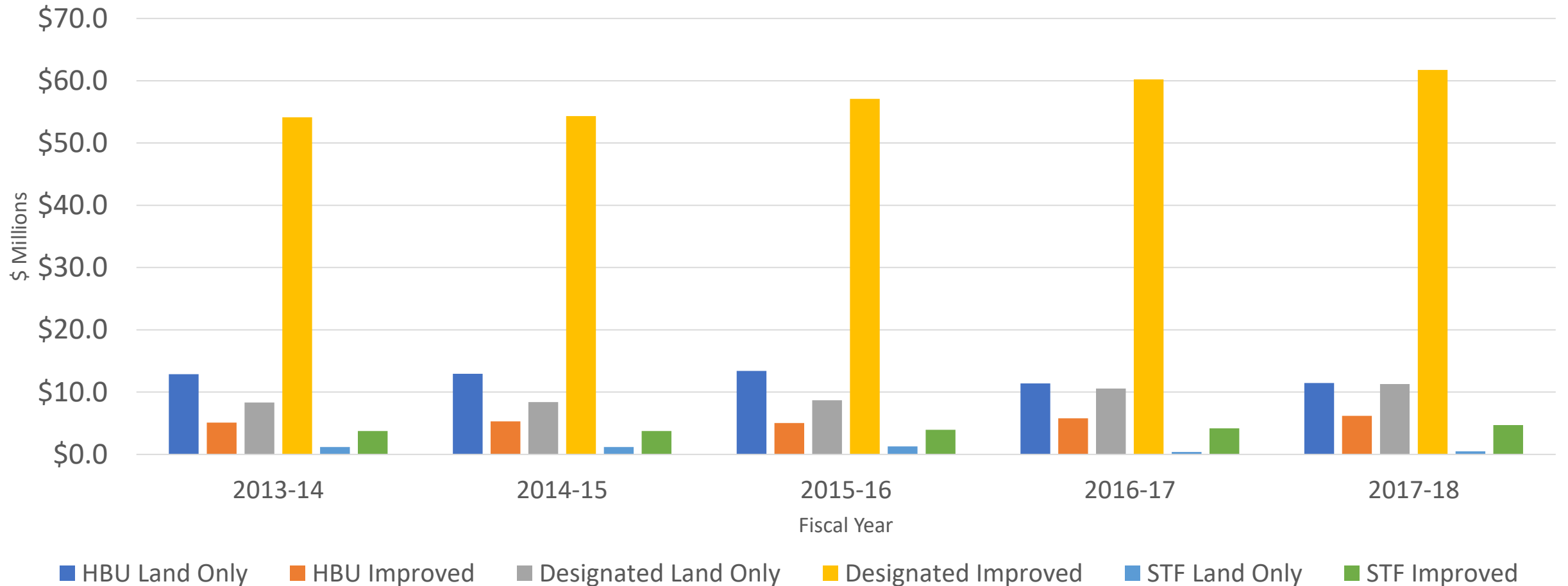
- 2019-20
- Small Tract Forestland Property Tax (Forestland Only)
 - \$412,000
- Small Tract Severance Tax (E&W)
 - \$523,000
- Total
 - \$935,000

- If taxed without STF program
 - 100% SAV
 - \$2,059,000





Estimated Forestland Property Taxes





For More Information

- ▶ Legislative Revenue Office
- ▶ 900 Court St. NE, Room 160
 - ▶ Salem, OR 97301
 - ▶ 503-986-1266
- ▶ <https://www.oregonlegislature.gov/lro>

