

FISCAL IMPACT OF PROPOSED LEGISLATION

81st Oregon Legislative Assembly – 2022 Regular Session
Legislative Fiscal Office

Measure: SB 1502 - 5

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Creates income or corporate excise tax credit allowed to small forestland owner that elects to observe riparian timber harvest restriction applicable to large forestland owner, in lieu of using harvest option available to small forestland owner.

Government Unit(s) Affected:

Department of Revenue (DOR), Counties, Department of Forestry (ODF)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis:

SB 1502- 5 creates a tax credit for taxpayers that are small forestland owners eligible to conduct a timber harvest using a small forest owner minimum option, and that elect to use standard practice harvest restrictions instead. The tax credit is granted for the tax year (starting on or after January 1, 2023) in which the timber harvest is completed. The measure includes eligibility restrictions, credit allowances, and repayment provisions; and requires small forestland owners to receive written certification of eligibility from the Oregon Department of Forestry (ODF) prior to claiming the credit. To obtain a certificate of eligibility from ODF, a small forestland owner must file a notification of operation that indicates that they intend to use the standard practice harvest restrictions, as well as submit an application for certification and provide documentation of the stumpage value and costs of appraisal. ODF is directed to maintain in the department reporting and notice system the records of harvest restrictions applicable to certifications issued, and provide this information to the Department of Revenue if required.

The measure takes effect on the 91st day after the date on which the Legislative Assembly adjourns sine die.

Oregon Department of Forestry

The Oregon Department of Forestry (ODF) anticipates hiring three new positions, including one full-time, permanent Operations and Policy Analyst 2 (0.50 FTE in 2021-23, 1.00 FTE in 2023-25) to help develop the tax credit program, certify that taxpayers are eligible for credits, and provide landowner assistance; one full-time, permanent Fiscal Analyst 2 (1.00 FTE in 2023-25) to prepare reports for the tax credit program and to coordinate with the Department of Revenue; and one limited-duration, full-time Operations and Policy Analyst 3 (.50 FTE in 2021-23 and 2023-25) to coordinate rule development for this measure and to develop program policies and procedures. Total costs for these positions and associated Services and Supplies are estimated at \$241,290 General Fund in 2021-23 and \$585,513 General Fund in 2023-25.

Please note that ODF has included positions in this fiscal that would also perform work related to SB 1501. As a result, no referral to the Joint Committee on Ways and Means is being requested for this bill at this time.

Other entities

The Department of Revenue and Counties anticipate a minimal fiscal impact from this measure.