

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: SB 1502**81st Oregon Legislative Assembly – 2022 Regular Session  
Legislative Fiscal Office***Only Impacts on Original or Engrossed  
Versions are Considered Official***Prepared by: Haylee Morse-Miller  
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Date: February 6, 2022**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.

**Summary of Expenditure Impact:**

	<b>2021-23 Biennium</b>	<b>2023-25 Biennium</b>
General Fund	\$241,290	\$585,513
<b>Total Funds</b>	<b>\$241,290</b>	<b>\$585,513</b>
Positions	2	3
FTE	1.00	2.50

**Analysis:**

SB 1502 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 restriction instead. The tax credit is granted for the tax year (starting on or after January 1, 2023) in which the timber harvest is completed and may be transferred to a successor owner. 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. ODF is directed to consult with the Department of Revenue (DOR) to adopt rules for this credit and eligibility certifications. 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. Documentation must be provided after filing the notification of operation and within three months after the timber harvest has been completed.

If certification is received, ODF must provide a small forestland owner with documentation that allows the owner to record a deed restriction that prohibits harvest within the forest conservation area. 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 DOR 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.
- 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.

#### Department of Revenue

The Department of Revenue anticipates a minimal fiscal impact from this measure.

#### Counties

Counties report an indeterminate impact from this measure.