

**SB 1502 STAFF MEASURE SUMMARY**

**Senate Committee On Natural Resources and Wildfire Recovery**

---

**Action Date:** 02/08/22

**Action:** Do pass and refer to Finance and Revenue by prior reference.

**Vote:** 4-0-1-0

**Yeas:** 4 - Golden, Heard, Patterson, Prozanski

**Exc:** 1 - Kennemer

**Fiscal:** Fiscal impact issued

**Revenue:** Revenue impact issued

**Prepared By:** Beth Patrino, LPRO Analyst

**Meeting Dates:** 2/1, 2/3, 2/8

---

**WHAT THE MEASURE DOES:**

Creates income or corporate excise tax credit for small forestland owner that elects to harvest timber under restrictions applicable to large forestland owner. Establishes eligibility criteria for tax credit. Requires small forestland owner to receive written certification of eligibility from Department of Forestry prior to claiming credit and establishes process for obtaining certification. Requires small forestland owner who receives certification to sign and record in the deed records for the county where the eligible forest conservation area is located an irrevocable deed restriction prohibiting the owner and the owner's successors from conducting a harvest or otherwise removing trees within the forest conservation area for which the credit has been claimed. Specifies that amount of tax credit is the sum of certified stumpage value of standing timber in forest conservation area not harvested as a result of using the standard practice harvest restrictions and the cost to the small forestland owner of establishing the stumpage value. Identifies circumstances and process of revocation of tax credit. Allows taxpayers who have previously received certification to be allowed to continue to claim the credit if the Legislative Assembly repeals the tax credit or allows it to expire. Takes effect on 91<sup>st</sup> day following adjournment sine die.

**ISSUES DISCUSSED:**

- Purpose of the tax credit
- How the tax credit would work
- Relationship of measure to Private Forest Accord

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

The Oregon Forest Practices Act (FPA) was first enacted by the legislature in 1971. The FPA establishes standards for all commercial activities involving the establishment, management, or harvesting of trees on Oregon's forestland, including building and maintaining roads, harvesting, applying pesticides, and replacing harvested trees.

Senate Bill 1602 (2020 First Special Session) directed the Governor to facilitate mediation sessions between the forest industry and environmental interests on changes to the Oregon FPA in accordance with a Memorandum of Understanding announced by the Governor on February 10, 2020. The purpose of the mediation sessions was to recommend substantive and procedural changes to Oregon FPA laws and regulations to advance the attainment of federal regulatory assurances for aquatic and riparian-dependent species. Senate Bill 5711 (2020 First Special Session) appropriated funds to pay the costs of contracted services for this mediation. On October 31, 2021, the Governor announced that the parties had reached an agreement.

**SB 1502 STAFF MEASURE SUMMARY**

Senate Bill 1502 would create an income or corporate excise tax credit for a small forestland owner who elects to harvest timber under restrictions applicable to a large forestland owner.