

Submitter: Craig Herman

On Behalf Of:

Committee: Senate Committee On Natural Resources and Wildfire Recovery

Measure: SB1502

RE: Senate Bill 1502

Dear Chair Golden and members of the Senate Natural Resource and Wildfire Committee:

I appreciate the opportunity to comment on Senate Bill 1502. My family is not only agriculture producers but are also Small Forest Owners (SFO). We have discussed this tax credit option and are having problems with how it could benefit SFO's.

The following need to be address or are concerns of our small forestry owners:

1. Unless the Tax Credits is a refundable Tax Credit, it is useless.
2. The proposal appears to determine a "stumpage value" (see Section 4) which will be the amount of tax credits the SFO can receive, but they don't appear to take into consideration the time value of money. Giving an SFO \$10,000 of tax credits for use is not the equivalent of them netting \$10,000 from the sale of timer and putting that money in the bank or investing it where it will increase. Also, tax credits can't be used to pay for immediate needs like a down payment on a house, paying for education expenses and so on.
3. Deed restriction is for 50 years is too long a period. Under Section 3(3)(a), it requires the small forestland owner "sign and record in the deed record for the county where the eligible forest conservation area is located an IRREVOCABLE deed restriction prohibiting the owner and the owner's successors in interest from conducting a harvest or otherwise removing trees with in the forest conservation area for which a credit has been claimed". This is a major contradiction as well as there are other significant contradictions in this bill's language. The other issue is that unmanaged timberland becomes hazardous. Trees rot, blow down, and can develop disease over a period of time becoming a wildfire hazard. Riparian management is essential to reduce unintended consequences including trees falling into the streams and during flooding events creating a hazard for road infrastructure such as bridges and culverts due to blockage.
4. Section 3 (3b): There is no purpose to this section as providing written documentation to the Department of Revenue upon request throughout the period during which a harvest restriction applies which is forever is ridiculous.
5. Section 4 (4): Cost, may including the cost of an appraisal and cost of filing and recording a deed restriction needs to be changed to "shall be included in the credit amount."
6. There are questions as to nonresident's tax credit. A nonresident shall be allowed a credit however how can that be utilized if the nonresident does not pay

Oregon taxes annually? This needs some clarification.

I encourage the committee to review the bill and correct those areas that are contradictions. Again, thank you for the opportunity to bring forth some of my concerns. This legislation needs work and therefore should be moved to a full session where the public has an opportunity to help you fine tune the legislation.

Respectfully yours,
Craig J. Herman