

**A-Engrossed**  
**House Bill 2161**

Ordered by the House March 13  
Including House Amendments dated March 13

Sponsored by Representatives SMITH DB, SCHARF; Representative LEVY B (Presession filed.)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Makes certain changes to calculation of small forestland owner tax credit.  
*[Provides that certain requirements related to forest practices do not apply to operations on land within exclusive farm use zone.]*

**A BILL FOR AN ACT**

1  
2 Relating to forestry; amending section 4, chapter 34, Oregon Laws 2022.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** Section 4, chapter 34, Oregon Laws 2022, is amended to read:

5 **Sec. 4.** (1) The amount of the tax credit allowed under section 2 *[of this 2022 Act]*, **chapter 34,**  
6 **Oregon Laws 2022,** shall be the sum of:

7 (a) The certified stumpage value of **all** standing timber in *[that portion of the forest conservation*  
8 *area]* **a no-harvest buffer** that is not harvested as a result of using the standard practice harvest  
9 restrictions in lieu of the small forest owner minimum option, using the standard measuring tech-  
10 niques of professional foresters;

11 (b) The cost to the small forestland owner of establishing the stumpage value, including the cost  
12 of appraisal performed by a professional forester, and of filing and recording a deed restriction as  
13 described in section 3 (3) *[of this 2022 Act]*, **chapter 34, Oregon Laws 2022;** and

14 (c) If applicable, *[one-half of]* the certified stumpage value of **all** retained timber in a dry channel  
15 area adjacent to the forest conservation area.

16 *[(2) If the small forestland owner is barred from using the small forest owner minimum option by*  
17 *the horizontal lineal feet limitation applicable to fifth field watersheds, the certified stumpage value*  
18 *described in subsection (1)(a) of this section shall be multiplied by 125 percent.]*

19 *[(3)]* **(2)** The applicable stumpage values under this section shall be the values as of the date of  
20 filing a notification of operation under ORS 527.670, as described in section 3 (1)(a) *[of this 2022*  
21 *Act]*, **chapter 34, Oregon Laws 2022,** and shall be calculated using one of the following methods:

22 (a) The conversion return method, in which the volume of timber being retained is determined  
23 by species and log grades, and a value is established from current delivered log price information,  
24 less a reasonable cost for harvest and delivery, for the area in which the retained timber would  
25 ordinarily be sold.

26 (b) The actual comparison method, which may be used if the timber being retained is similar in  
27 species and log grades to the timber being harvested, and which is calculated using actual revenues  
28 from the timber being harvested by the small forestland owner in the harvest area adjacent to the

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.  
New sections are in **boldfaced** type.

1 forest conservation area.

2 (c) The cash flow modeling method, in which the value of standing timber is determined by using  
3 the projected volume of the stand over a harvest rotation based on species and site class, deter-  
4 mining the value at harvest age and then discounting the value to the present date using an interest  
5 rate equal to the direct farm ownership loan interest rate of the Farm Service Agency of the United  
6 States Department of Agriculture.

7 [(4)] (3) Costs, including the cost of an appraisal and the cost of filing and recording a deed  
8 restriction, may be included in the credit amount only to the extent that the amount attributable  
9 to those costs is not claimed as an income tax deduction by the taxpayer.

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