

Requested by Senator MEEK

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2161**

1 On page 1 of the printed A-engrossed bill, delete lines 4 through 28 and
2 delete page 2 and insert:

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

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

7 “(a) The certified stumpage value of standing timber in that portion of the
8 forest conservation area that is not harvested as a result of using the
9 standard practice harvest restrictions in lieu of the small forest owner min-
10 imum option, using the standard measuring techniques of professional
11 foresters;

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

16 “(c) If applicable, one-half of the certified stumpage value of retained
17 timber in a dry channel area adjacent to the forest conservation area.

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

1 **forestland owner:**

2 **“(a) Is barred from using the small forest owner minimum option**
3 **by the horizontal lineal feet limitation applicable to fifth field**
4 **watersheds; or**

5 **“(b)(A) Is operating on a parcel of land that is significantly dispro-**
6 **portionately impacted by rules adopted under ORS 527.610 to 527.770,**
7 **as determined by the State Forester; and**

8 **“(B) Has a federal adjusted gross income, as described in ORS**
9 **316.013, of not more than 125 percent of the Oregon median household**
10 **income, as averaged over the three previous tax years.**

11 **“(3) The applicable stumpage values under this section shall be the values**
12 **as of the date of filing a notification of operation under ORS 527.670, as de-**
13 **scribed in section 3 (1)(a) [of this 2022 Act], chapter 34, Oregon Laws**
14 **2022, and shall be calculated using one of the following methods:**

15 **“(a) The conversion return method, in which the volume of timber being**
16 **retained is determined by species and log grades, and a value is established**
17 **from current delivered log price information, less a reasonable cost for har-**
18 **vest and delivery, for the area in which the retained timber would ordinarily**
19 **be sold.**

20 **“(b) The actual comparison method, which may be used if the timber being**
21 **retained is similar in species and log grades to the timber being harvested,**
22 **and which is calculated using actual revenues from the timber being har-**
23 **vested by the small forestland owner in the harvest area adjacent to the**
24 **forest conservation area.**

25 **“(c) The cash flow modeling method, in which the value of standing tim-**
26 **ber is determined by using the projected volume of the stand over a harvest**
27 **rotation based on species and site class, determining the value at harvest age**
28 **and then discounting the value to the present date using an interest rate**
29 **equal to the direct farm ownership loan interest rate of the Farm Service**
30 **Agency of the United States Department of Agriculture.**

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

5
