



Forestland and Timber Taxation

Legislative Revenue Office

House Committee on Agriculture and Natural Resources

February 18, 2021



Organization

- Forestland Ownership
- Taxation
 - Forestland Program
 - Forest Products Harvest Tax



Forestland Ownership

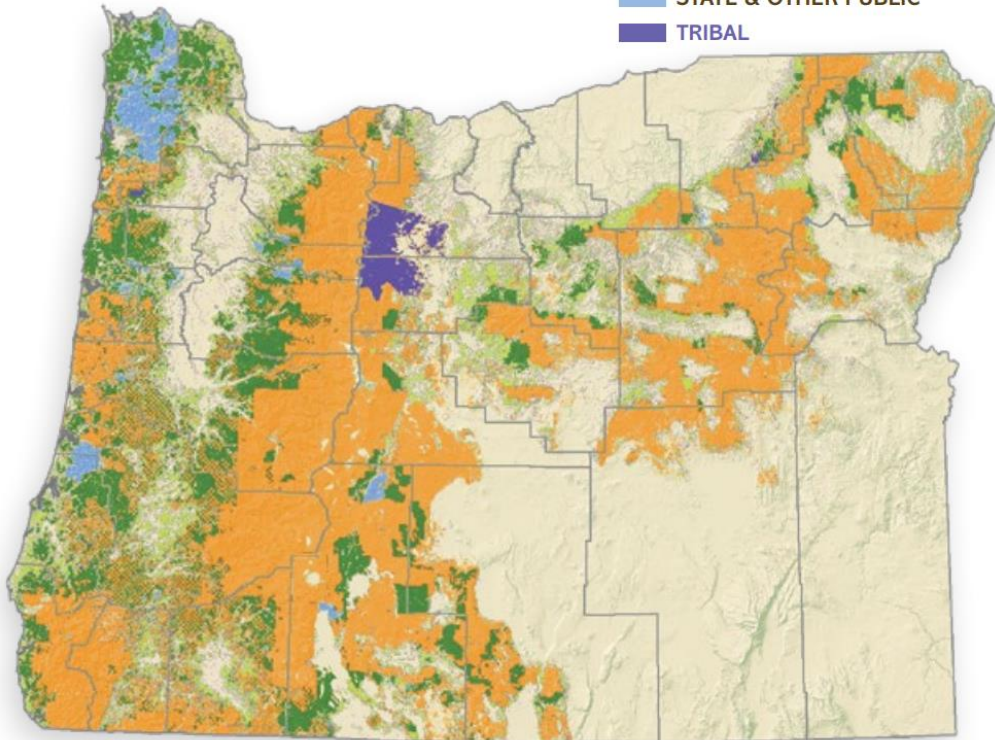




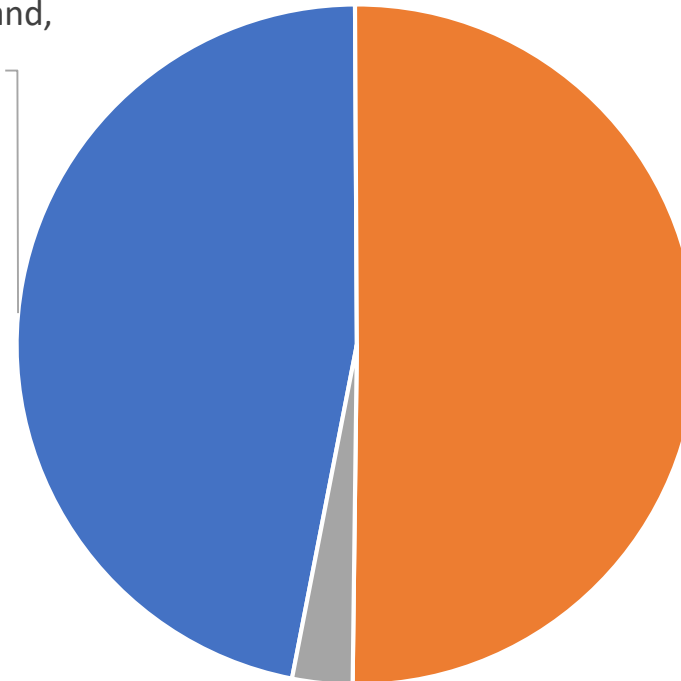
Oregon Total Land Area (63.3 Million Acres)

Forestland ownership⁴

- FEDERAL GOVERNMENT
- LARGE PRIVATE
- SMALL PRIVATE
- STATE & OTHER PUBLIC
- TRIBAL



Forestland,
29.7



Non-Forestland
(Urban, Cropland,
Range, etc.), 31.8

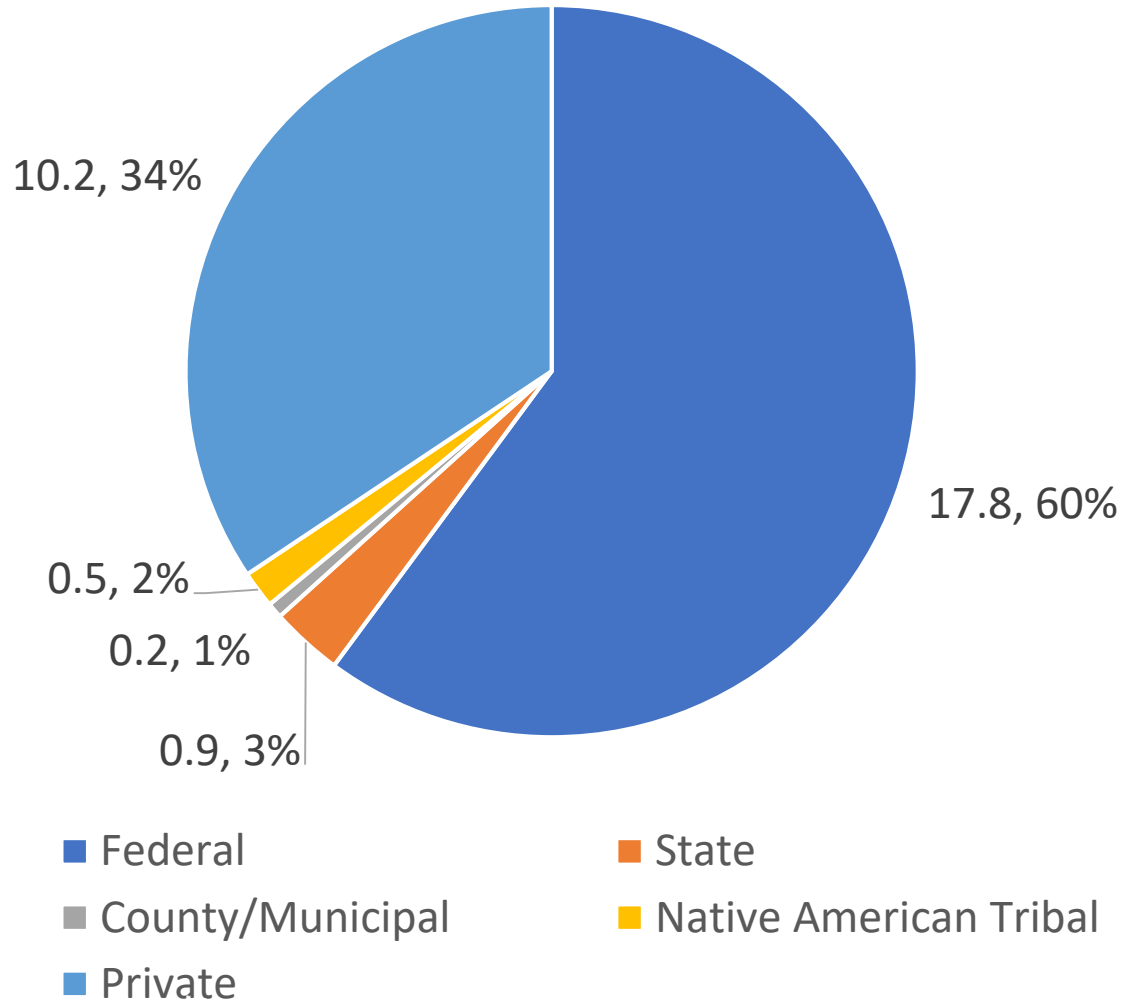
Water, 1.8





Oregon Forestland Area

(29.7 Million Acres)



Government Forestland	Acres (M)	Share
Federal		
U.S. Forest Service	14.07	74%
Bureau of Land Management	3.57	19%
National Park Service	0.16	1%
Other	0.03	< 1%
State & Local	1.15	6%
Total Government	18.98	100%

Private Forestland	Acres (M)	Share
Large Owners	6.58	65%
Small Owners	3.61	35%
Total Private	10.19	100%



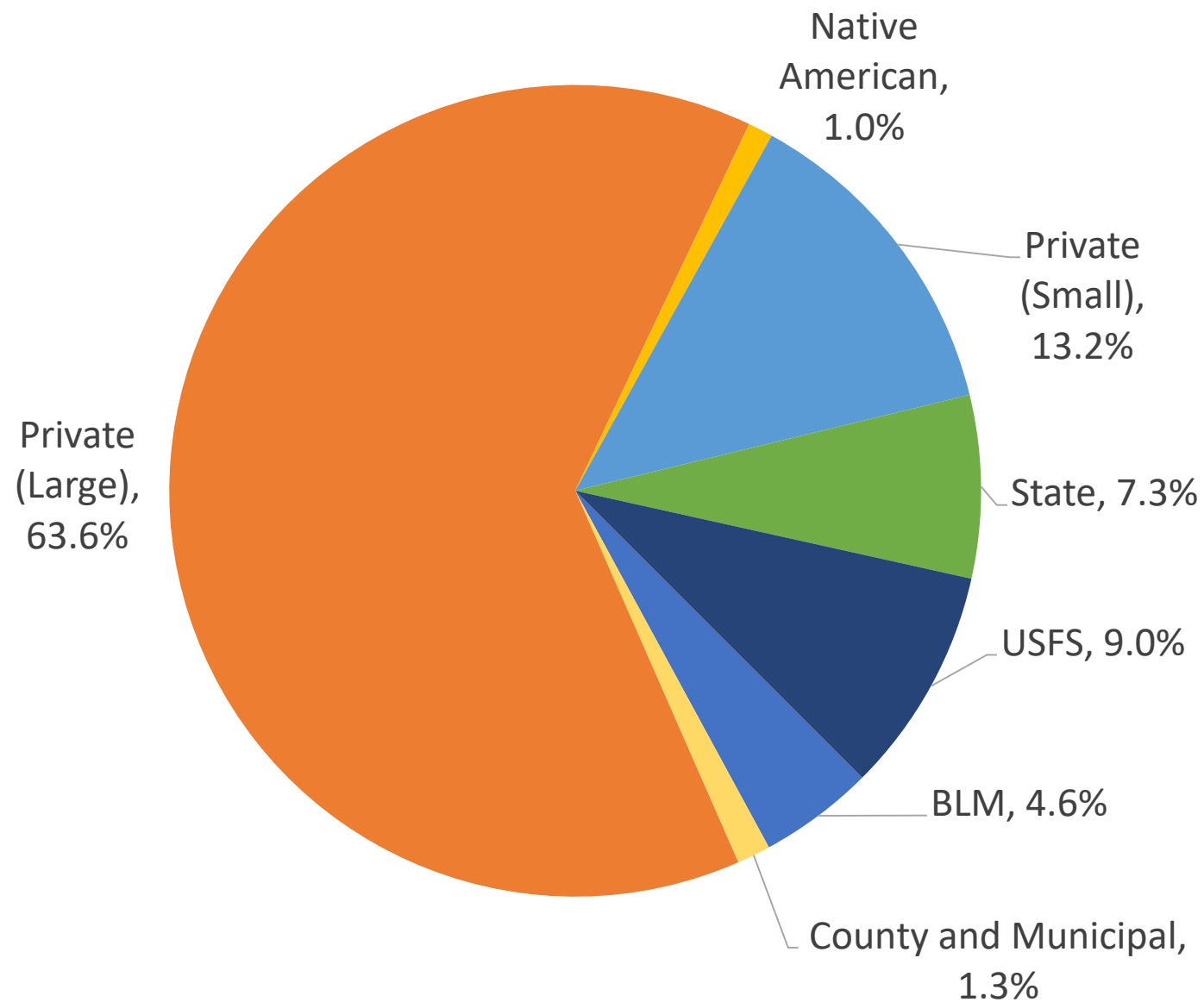


Oregon Timber Harvest

by Location of Harvest

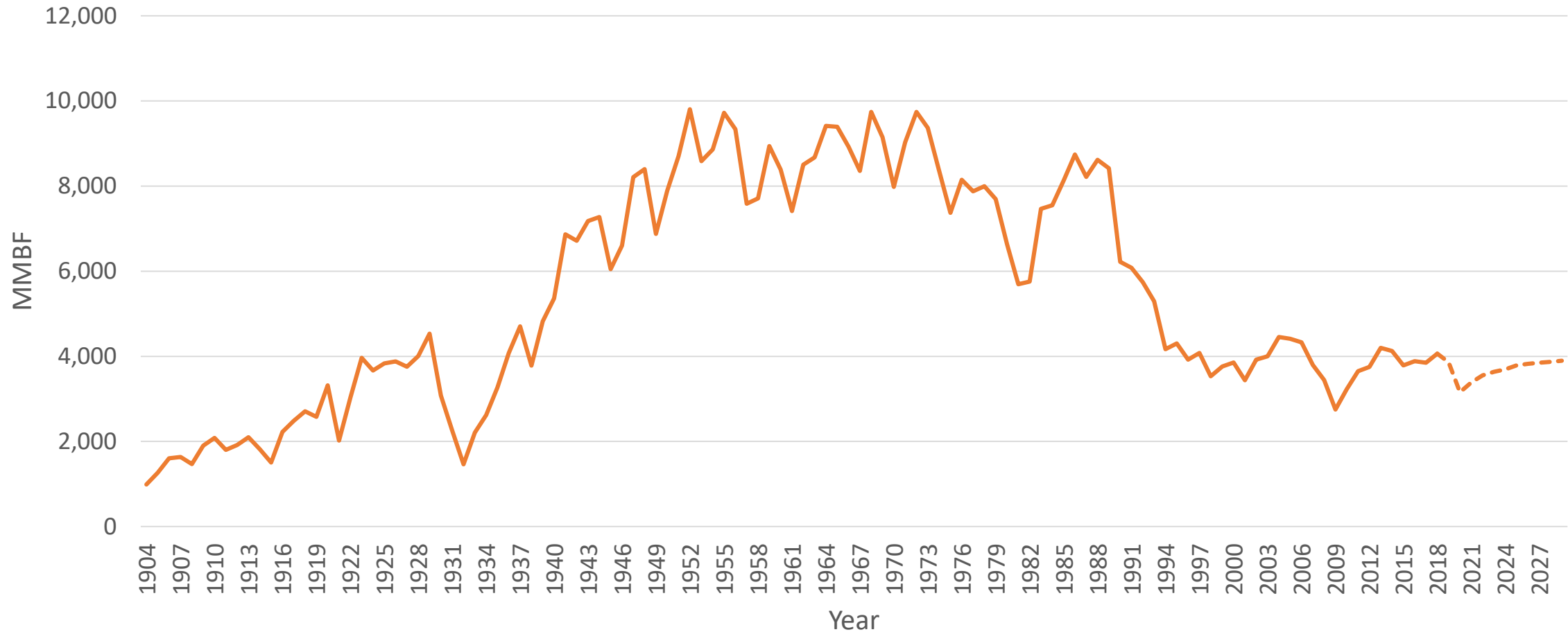
Average shares for 2013-2018

Source: Oregon Transparency Website



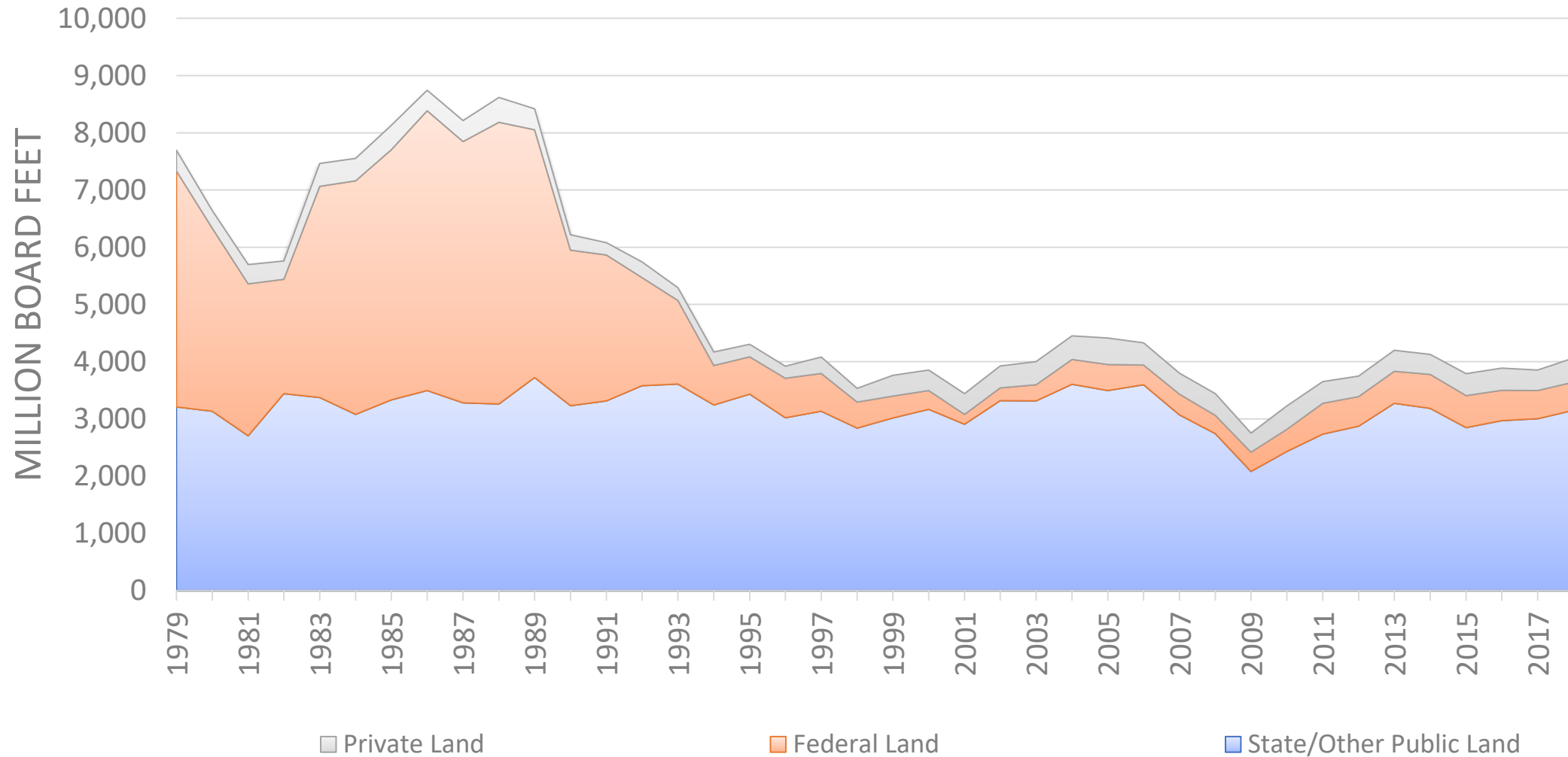


Annual Harvest – million board feet





Oregon Timber Harvest





Historic Pond Value of Timber

Year	Price /mbf	
	Avg EO	Avg WO
2010	\$ 310.94	\$ 443.81
2011	\$ 353.44	\$ 512.99
2012	\$ 351.88	\$ 529.13
2013	\$ 401.88	\$ 623.45
2014	\$ 429.38	\$ 657.04
2015	\$ 419.69	\$ 591.53
2016	\$ 425.94	\$ 631.58
2017	\$ 488.47	\$ 730.67
2018	\$ 495.88	\$ 787.91
2019	\$ 414.25	\$ 656.38





Taxation





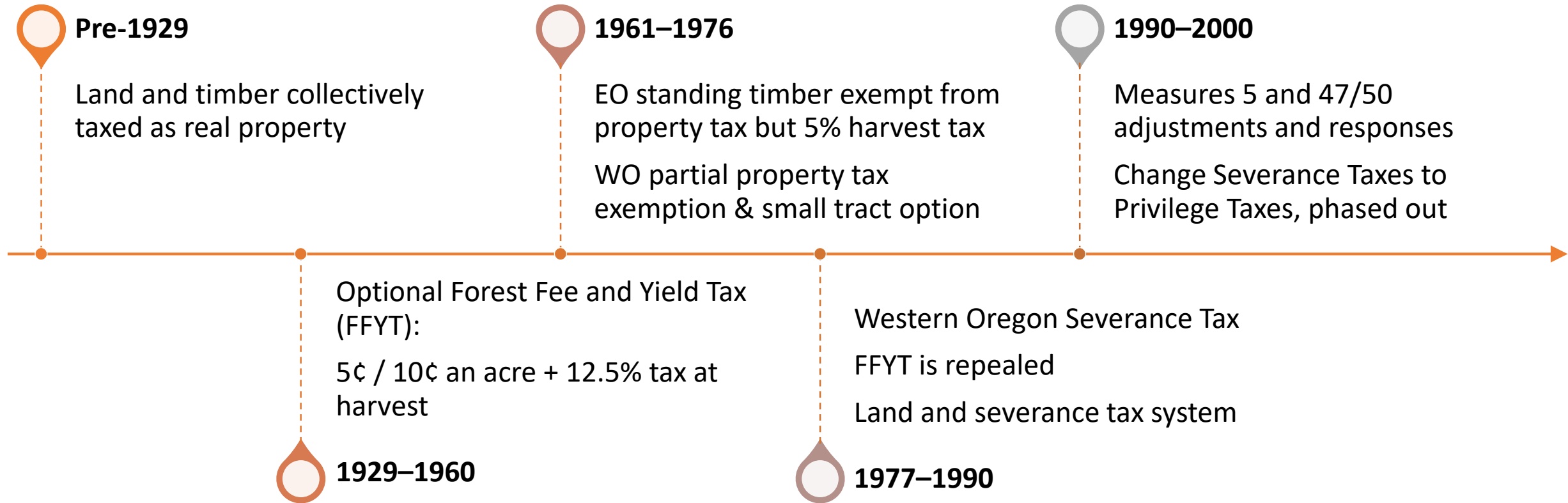
Taxation Policy: How can timber be taxed?

- Harvest Taxes
 - Value
 - Volume
- Property Taxes
- Combination





A Brief Historical Overview





Taxes imposed upon Harvest





Forest Products Harvest Tax

Applies to harvest from any lands (except most Tribal)

“The prevention and suppression of forest fires on forestlands for the preservation of forest resources and the continuous growth of timber on lands suitable therefor are declared to be the **public policy** of the State of Oregon.” (ORS 321.011)



Privilege Tax

...for the privilege of harvesting of all merchantable forest products harvested on forestlands...



\$4.1322 – Total Tax Rate per MBF (2020)

\$0.9000 – Forest resource research

\$0.6250 – Oregon Forestland Protection Fund

\$1.3872 – Forest Practices Act

\$0.1000 – Forestry Education

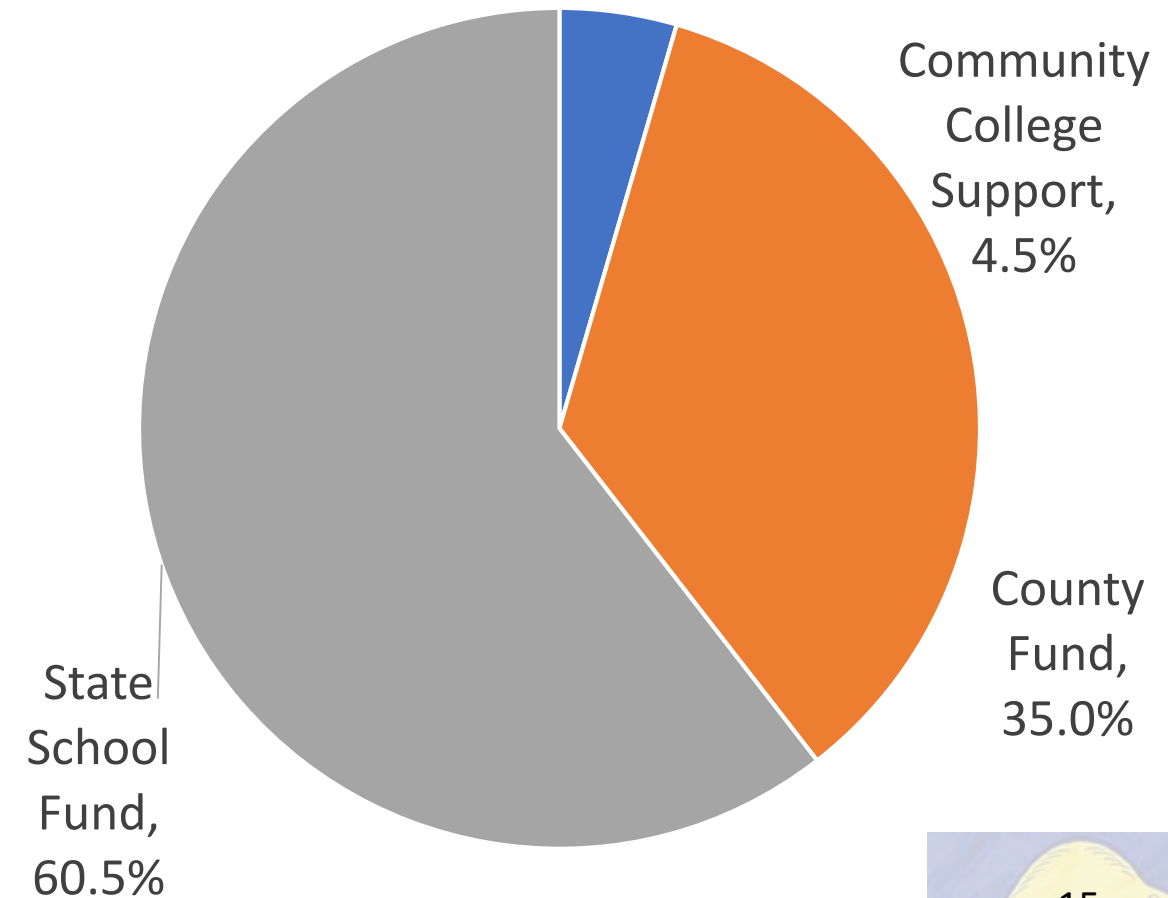
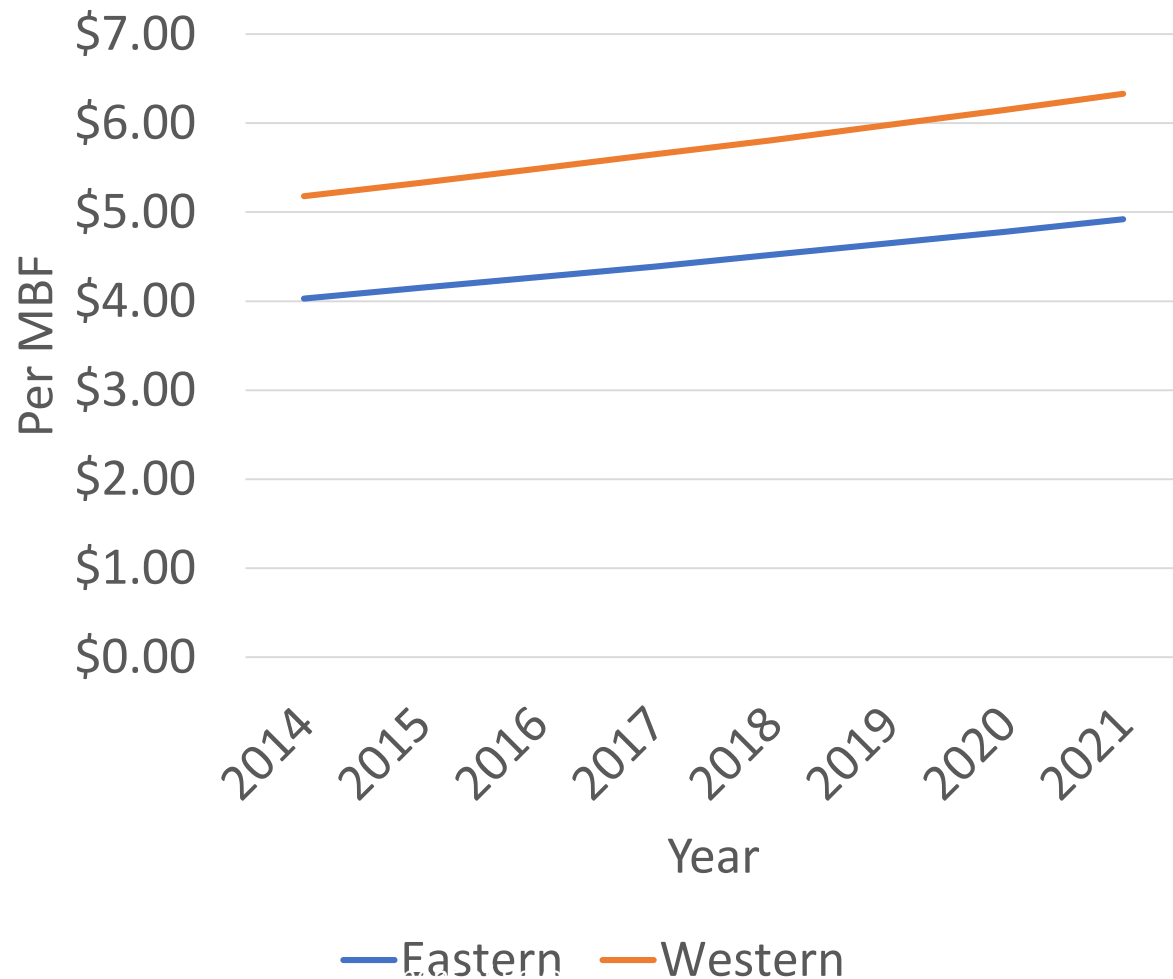
\$1.1200 – for Oregon Forest Resources Institute

First 25 MBF exempt



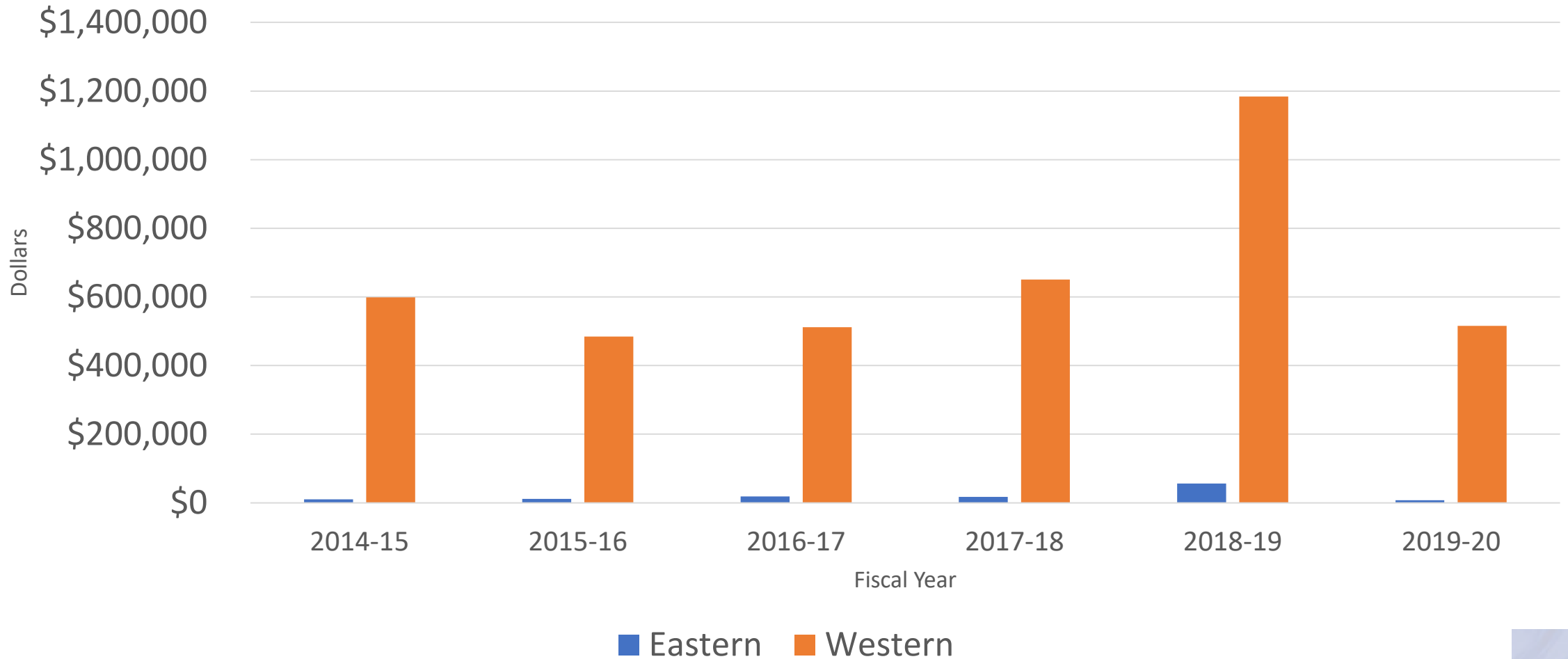


Small Tract Program Severance Taxes



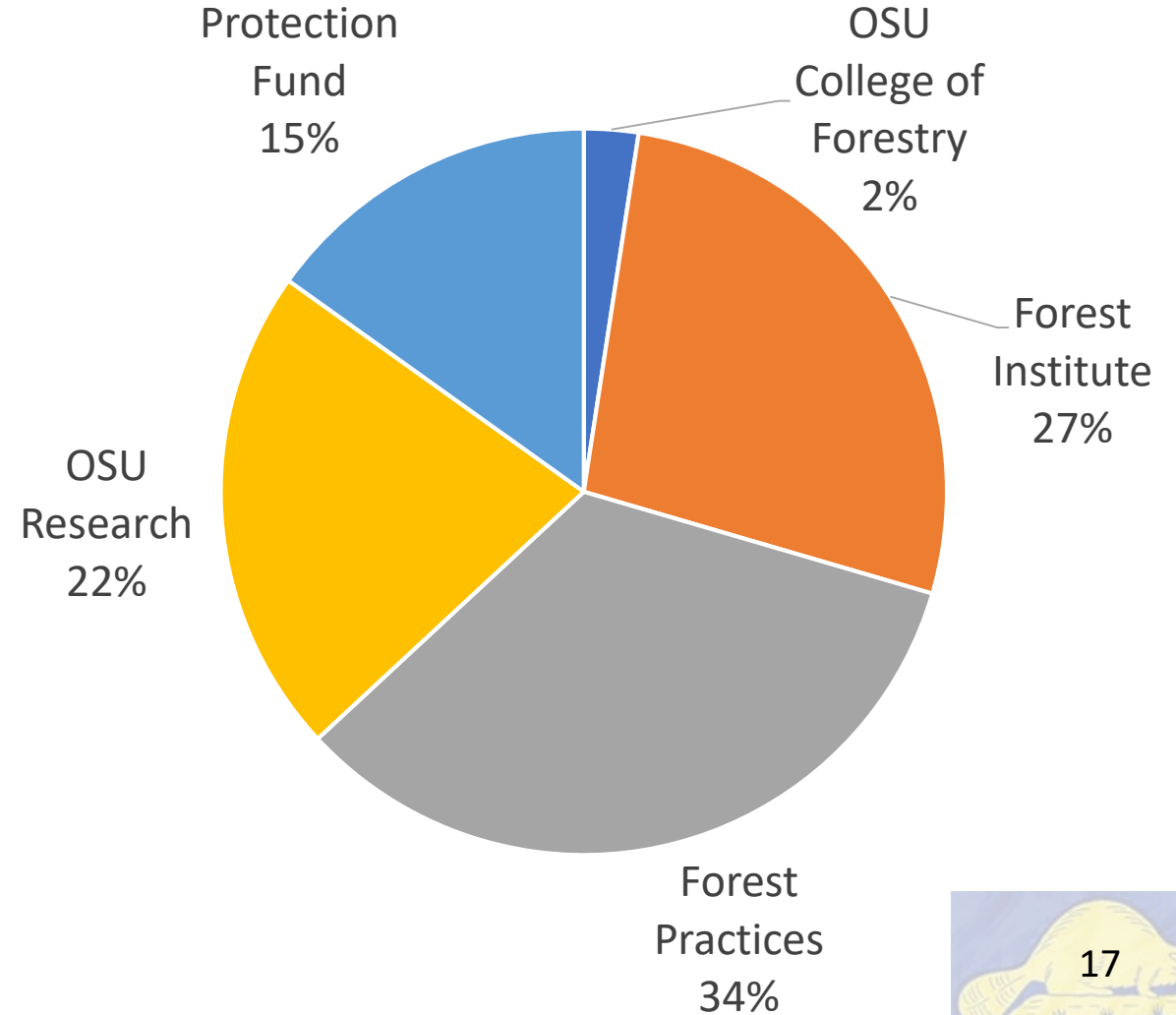
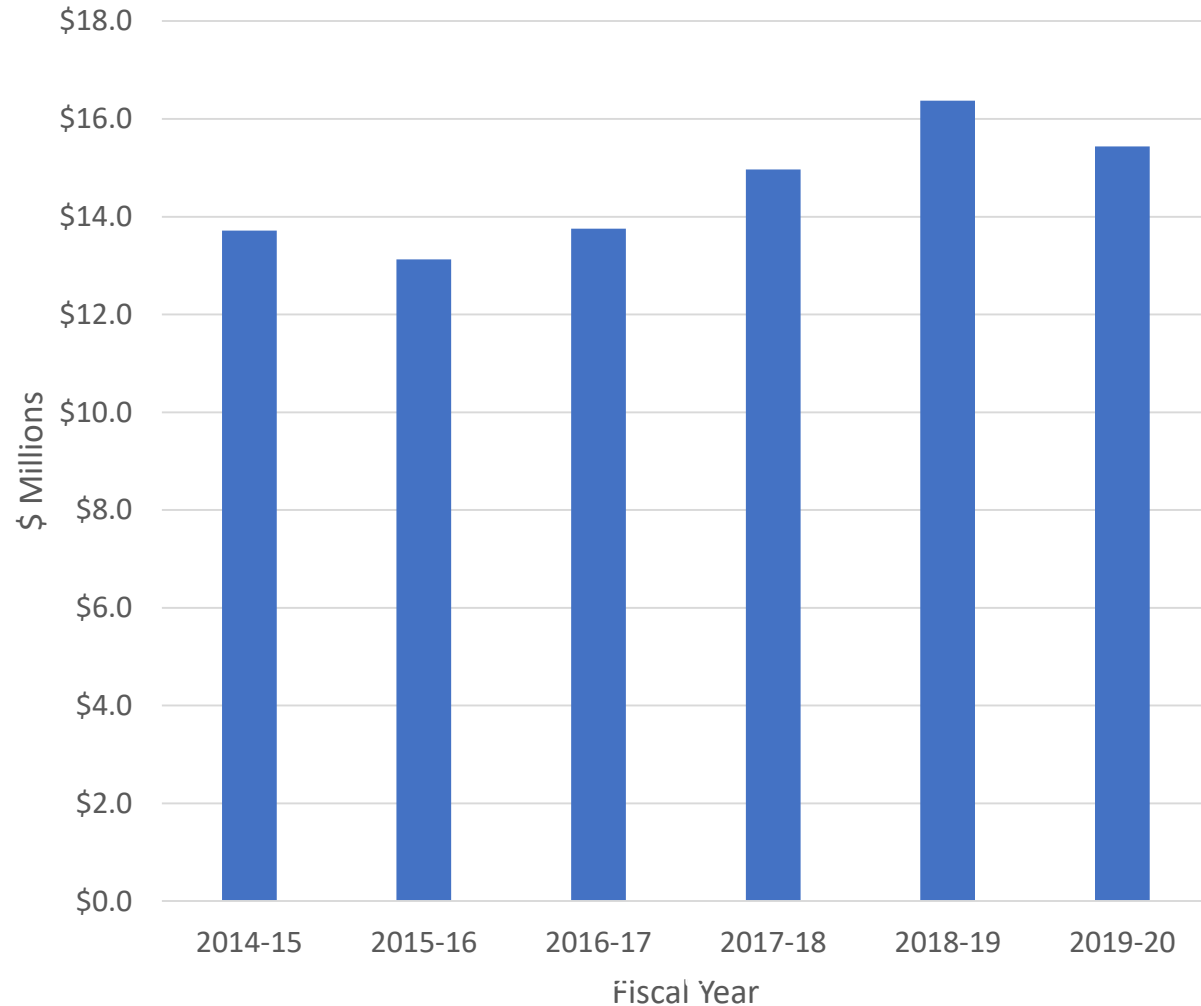


STF Severance Tax Collections



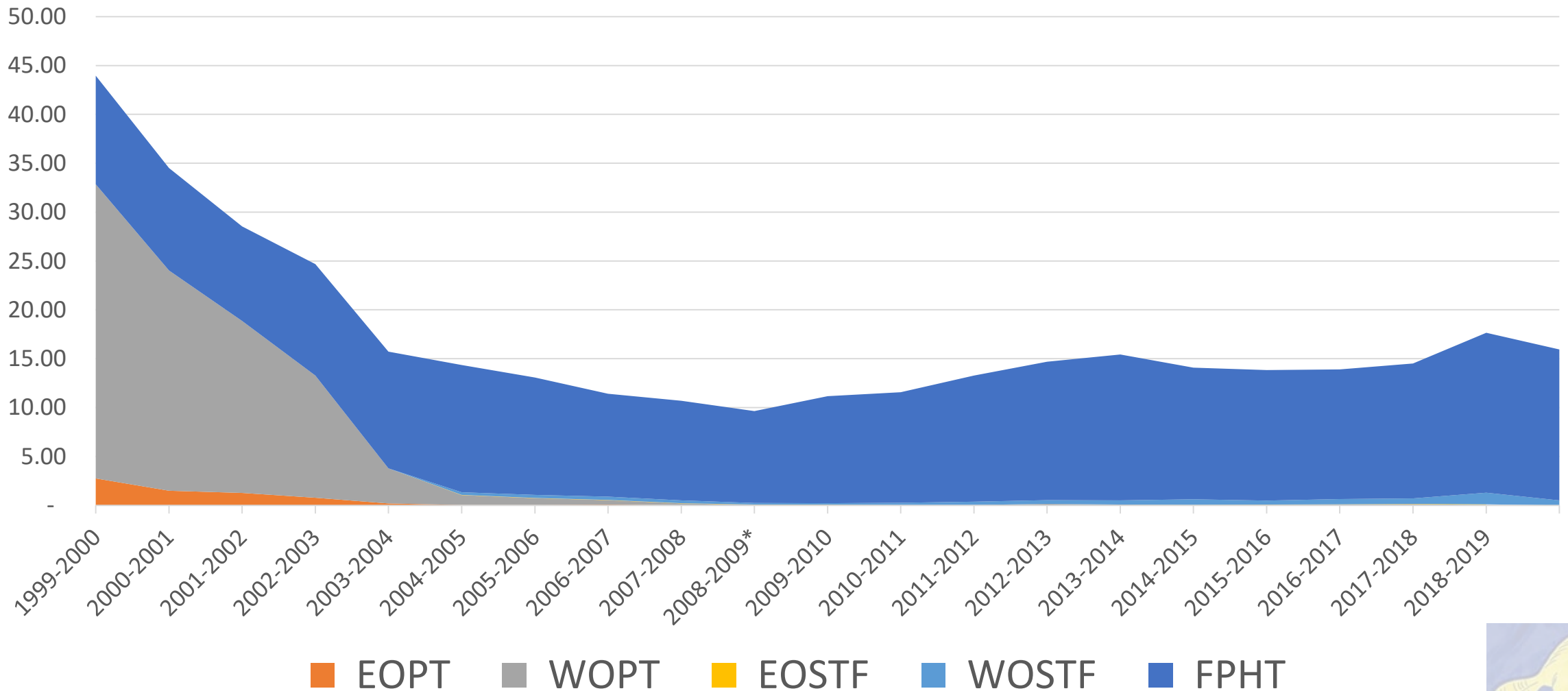


Forest Products Harvest Tax: Collections and Allocation





Taxes on Harvest over the Years (\$ millions)





Taxes imposed on the Land





Private Forestland

Designated Forestland or Highest and Best Use Forestland

Highest and Best Use Forestland (43%)
Assessor Designation
Most remote regions

Designated Forestland (57%)
Apply to County Assessor; OFPA
At least 2 contiguous acres

Property Tax:
 $\text{Assessed Value} * \text{Rate} = \text{Tax}$
 $\text{AV} = \min(\text{MSAV}, \text{SAV})$

Small Tract Forestland Option
10 to 4,999 acres
County Application; irrevocable

Property tax on 20% of
MSAV/SAV

+

Severance Tax



Forestland Values (2020-21)

Western Oregon

	Per Acre	
Class	MSAV	SAV
FA	\$743.70	\$1,206.20
FB	\$589.98	\$955.20
FC	\$494.11	\$801.81
FD	\$419.72	\$683.28
FE	\$279.23	\$453.19
FF	\$201.54	\$327.69
FG	\$84.21	\$139.44
FX	\$9.83	\$13.94

Eastern Oregon

Per Acre	
MSAV	SAV
\$84.21	\$146.07





Small Tract Forestland Values (2020-21)

Western Oregon

	Per Acres	
Class	20% MSAV	20% SAV
FA	\$147.53	\$241.24
FB	\$117.08	\$191.04
FC	\$97.78	\$160.36
FD	\$83.34	\$136.65
FE	\$54.48	\$90.63
FF	\$40.01	\$65.53
FG	\$15.93	\$27.88
FX	\$1.52	\$2.78

Eastern Oregon

Per Acre	
20% MSAV	20% SAV
\$15.93	\$29.21





Small Tract Forestland and Severance Tax

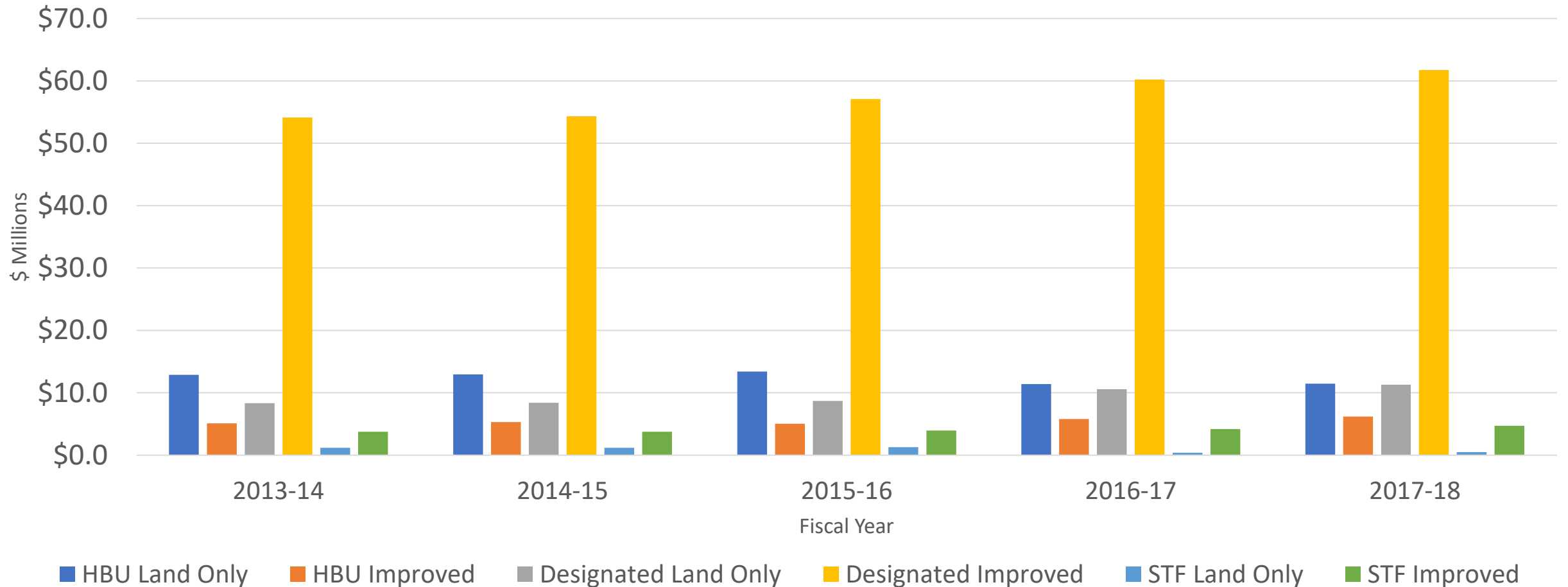
- 2019-20
- Small Tract Forestland Property Tax (Forestland Only)
 - \$412,000
- Small Tract Severance Tax (E&W)
 - \$523,000
- Total
 - \$935,000

- If taxed without STF program
 - 100% SAV
 - \$2,059,000





Estimated Forestland Property Taxes





Combined Taxes





Washington and Oregon

	Oregon	Washington
Taxes Upon Harvest		
Severance	\$ 522,895	\$ 47,200,000
Privilege	\$ 15,436,288	
Taxes on Unimproved Forestland		
	\$ 25,257,309	\$ 8,271,255
Acres of Unimproved Private Forestland		
	8,142,698	6,213,349
Annual Harvest		
MBF	3,541,290	2,644,425
Value	\$ 2,244,412,951	\$ 1,122,500,000





For More Information

- ▶ Legislative Revenue Office
- ▶ 900 Court St. NE, Room 160
 - ▶ Salem, OR 97301
 - ▶ 503-986-1266
- ▶ <https://www.oregonlegislature.gov/lro>

