



## HB 2245: Reforestation Tax Credit

House Committee On Agriculture, Land Use, Natural Resources, and Water – Josie Koehne – 2.7.2023

[HB 2245](#) revives an old tax credit for reforestation that was repealed in 2011. The State Forester must inspect the land both before and afterward reforestation that will be used for future timber harvest, and then issues a certificate for a tax credit. The replanting that must meet the required stocking standards of the FPA. The credit reimburses the owner **for half of all the costs** for site preparation, tree planting and other silviculture treatments considered necessary by the State Forester to establish commercial, hardwood or softwood stands on appropriate sites. The bill does not pay for the replanting costs required after harvest within two years. The credit is can be carried forward for up to three years. The DOR must then administer the credit. The bill does not sunset until the end of 2029.

With significant drought, wildfire and storm damage, this tax credit, which was lightly used through 1971 when it was repealed, could amount to a sizeable state investment with altered climate conditions.

We do not think public funds should be used to reimburse commercial timber owners for improvements on private land for future harvests that they will eventually be profiting from. The timber industry has been highly favored over other industries since the 1980s and have been enjoying reduced property taxes and a very low harvest tax, especially with the elimination of the privilege tax. We do not need to reduce their income taxes as well. This is especially true since there is already a seedling program and other subsidies, plus other sources of funding for reforestation available. There will be considerable amount of federal funding for reforestation coming in soon from the **Inflation Reduction Act (IRA)**.

In the IRA, of the \$5 billion earmarked nationally for forestry, nearly \$2.15 *billion* is dedicated to wildfire mitigation in federal forests to reduce wildfire risk. Much of that funding will come to Oregon.

The IRA will provide funding for climate-smart forestry activities that promote forest health and resilience and increases carbon sequestration. There are provisions for both private and public forestland for managing forests and natural resources. **For Private forests:**

**Forest conservation: \$700 Million** for the US Forest Service's (USFS) Forest Legacy Program, which encourages the **protection of privately owned forest lands through conservation easements or land purchases**. If the Natural Climate Solutions bill, SB 530 passes this session, there will also be state funding for grants and incentives from existing agency programs for private forest owners.

**Climate-smart forestry: \$450 million** to the USFS for providing forest-carbon **grants to private landowners**.

*We read the bills and follow the money*