



To:
Joint Committee on Tax Expenditures
Oregon Legislature
900 Court St. NE
Salem Oregon 97301

Dear Co-Chairs Meek and Nathanson:

The Oregon Small Woodlands Association, Oregon Wild, and the Wild Salmon Center write to you today in support of a minor amendment to the Small Forestland Owner Tax Credit that was established in SB 1502 (2022) as part of the Private Forest Accord. The –A3 amendment to HB 2161 should accomplish this update to the tax credit policy.

Background

The Private Forest Accord was negotiated in 2021 by the timber industry, OSWA, and conservation organizations seeking to provide greater regulatory certainty and greater ecological certainty under the Oregon Forest Practices Act. As part of these negotiations, it was always recognized that Oregon’s non-industrial forestlands – owned in small acreages by families, individuals, or small companies – would need special treatment. Many provisions in the final PFA are aimed at addressing the unique circumstances of small forestland owners. However, not all SFO-related issues were completely addressed.

In the Private Forest Accord Report, the negotiating authors agreed to continue working on a policy to address small forestland owners who might be significantly disproportionately impacted by new no-cut buffers around rivers and streams. This direction was codified in rule in October 2022 by the Board of Forestry in 629-607-0000 (5):

In some rare circumstances, a small forestland ownership may become highly encumbered by Forest Practice Administrative Rules. This high encumbrance is most likely to be true in ownerships with a dense concentration of streams when the encumbrances affect an **owner of modest means** who is **highly dependent on revenue** from encumbered locations. For these extraordinary cases, the department will work to develop a process prior to July 1, 2023, to address the **significantly disproportionate impacts** on small forestland owners of modest means who are highly dependent on revenue from locations with highly dense concentrations of streams by the Forest Practice Administrative Rules. [emphasis added]

Over the course of several months, representatives of the Department of Forestry, Board of Forestry, Oregon Small Woodlands Association, Oregon Wild, and Wild Salmon Center met to craft a policy that would address challenges faced by “significantly disproportionately impacted” SFOs. The agreed upon solution requires small changes to rule and an even smaller change to statute.

The proposed solution defines each of the three criteria highlighted in bold above:

- **Significantly disproportionately impacted** – identified as any contiguous parcel owned by an SFO where the no-cut SFO Minimum Riparian Management Area buffers encumber greater than 20% of the forested area of the parcel.
- **Owner of modest means** – identified as a landowner whose adjusted gross income over the last 3 years does not average more than 125% of the Oregon median household income.
- **Highly dependent on revenue** – identified as landowners who demonstrate that the income from forest product harvesting is used primarily for sustaining management activities on forest properties, covering annual costs of ownership, providing regular contributions to income, or contributing more than a 5% to a planned estate investment.

If a small forestland owner meets these criteria, they can receive regulatory relief from ODF to be outlined in rule or receive 125% of the value of the tax credit that was established in SB 1502 (2022).

The Board of Forestry plans to make rule updates in June to define these terms and outline the regulatory relief. This rulemaking was authorized by SB 1501 (2022) to allow the Department to fix any minor errors in the large rulemaking associated with the PFA.

Request

We request that the Legislature adopt minor changes to SB 1502 (2022) to extend the tax credit provision to these significantly disproportionately impacted small forestland owners. The –A3 amendment to HB 2161 can accomplish this task.

Please let us know if you have any questions.

Sincerely,

Sean Stevens
Oregon Wild

Roger Beyer
Oregon Small Woodlands Association

Stacey Detwiler
Wild Salmon Center