

SECTION I - TIMBER TAXATION

Current Law

As of July 1, 2004, all timber harvest is subject to the Forest Products Harvest Tax (FPHT) and all private forestland is assessed property tax under the Oregon Forestland program specially assessed based by the Department of Revenue (DOR) based on soil type. Certain forestland landowners may also apply to participate in the Small Tract Forestland (STF) program.

The FPHT applies to harvests of merchantable timber from both publicly and privately-owned forestland. The tax is levied per 1,000 board feet of timber harvested and actually consists of six separate taxes with distinct uses. Three of these tax rates are established each biennium by statute, during the odd-year legislative sessions. Exhibit I-1 shows these tax rates from 2006 through 2025.

Exhibit I-1

FOREST PRODUCTS HARVEST TAX Per 1,000 Board Feet							
Year	OSU Research	Forest Land Protection Fund	Forest Practices	OFRI	OSU Education ¹	Conservation & Recreation	Total
2006	\$0.67	\$0.50	\$0.55	\$0.89			\$2.6100
2007	\$0.67	\$0.50	\$0.55	\$0.89			\$2.6100
2008	\$0.92	\$0.625	\$1.1456	\$0.89			\$3.5806
2009	\$0.92	\$0.625	\$1.1456	\$0.89			\$3.5806
2010	\$0.92	\$0.625	\$1.1400	\$0.89			\$3.5750
2011	\$0.92	\$0.625	\$1.1400	\$0.89			\$3.5750
2012	\$0.8739	\$0.625	\$1.2952	\$0.89			\$3.6841
2013	\$0.8739	\$0.625	\$1.2952	\$0.89			\$3.6841
2014	\$0.8439	\$0.625	\$0.9727	\$0.99	\$0.10		\$3.5316
2015	\$0.8439	\$0.625	\$0.9727	\$0.99	\$0.10		\$3.5316
2016	\$0.9000	\$0.625	\$1.1037	\$1.00	\$0.10		\$3.7287
2017	\$0.9000	\$0.625	\$1.1037	\$1.02	\$0.10		\$3.7487
2018	\$0.9000	\$0.625	\$1.5661	\$1.04	\$0.10		\$4.2311
2019	\$0.9000	\$0.625	\$1.5661	\$1.09	\$0.10		\$4.2811
2020	\$0.9000	\$0.625	\$1.3872	\$1.12	\$0.10		\$4.1322
2021	\$0.9000	\$0.625	\$1.3872	\$1.12	\$0.10		\$4.1322
2022	\$0.9000	\$0.625	\$2.0702	\$1.12	\$0.21		\$4.9252
2023	\$0.9000	\$0.625	\$2.0702	\$1.12	\$0.21	\$1.0461	\$5.9713
2024	\$0.9000	\$0.625	\$2.5346	\$1.12	\$0.21	\$0.5681	\$5.9577
2025	\$0.9000	\$0.625	\$2.5346		\$0.21		

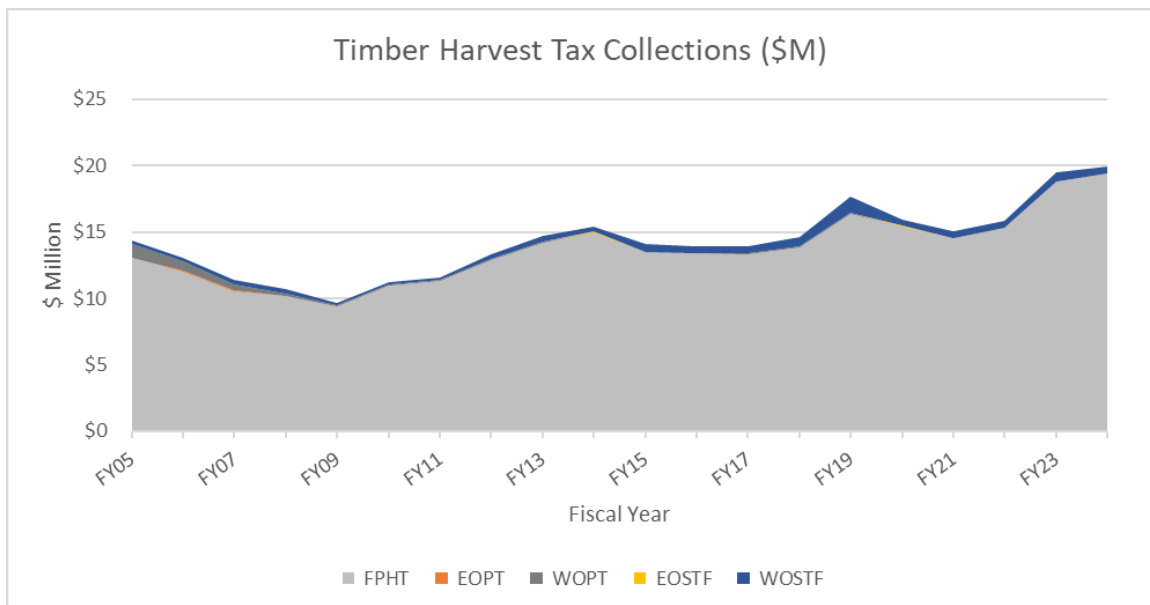
Each tax rate funds different forestry related activities. Exhibit I-2 shows the annual collections for fiscal years 2004-05 through 2023-24. The privilege taxes were phased out by 2003. Exhibit I-3 is simply a chart of the data provided in Exhibit I-2, for fiscal years 1995 through 2023. The only harvest taxes imposed in addition to the FPHT are the eastern and western severance taxes, which are part of the Small Tract Forestland (STF) program. This program was created by the 2003 Legislature and is discussed next.

Exhibit I-2

Tax Collections (\$ Dollars)						
	Forest Products Harvest Privilege Tax	East Oregon Privilege Tax	West Oregon Privilege Tax	East Oregon Severance Tax	West Oregon Severance Tax	
YEAR	FPHT	EOPT	WOPT	EOSTF	WOSTF	Total STF
2004-2005	\$13,019,169	\$38,507	\$1,006,947	\$13,178	\$285,779	\$298,957
2005-2006	\$12,017,001	\$33,162	\$707,737	\$14,264	\$304,204	\$318,468
2006-2007	\$10,526,389	\$82,187	\$440,642	\$26,388	\$346,104	\$372,492
2007-2008	\$10,180,877	\$6,572	\$187,253	\$9,963	\$302,825	\$312,788
2008-2009*	\$9,397,715	\$2,549	\$61,116	\$6,528	\$171,654	\$178,182
2009-2010	\$10,960,968	\$4,783	\$57,394	\$16,900	\$136,057	\$152,957
2010-2011	\$11,326,155	\$820	\$41,525	\$4,034	\$206,308	\$210,341
2011-2012	\$12,900,547	\$1,339	\$33,752	\$6,934	\$338,092	\$345,026
2012-2013	\$14,148,783	\$222	\$137,829	\$5,816	\$387,981	\$393,797
2013-2014	\$14,922,588	\$17	\$79,265	\$5,440	\$418,020	\$423,460
2014-2015	\$13,481,715	\$3	\$22,794	\$7,456	\$577,647	\$585,103
2015-2016	\$13,357,996	\$189	\$62,730	\$11,583	\$484,454	\$496,037
2016-2017	\$13,282,418	\$104	\$86,654	\$18,646	\$512,075	\$530,721
2017-2018	\$13,792,433	\$254	\$127,557	\$17,404	\$648,998	\$666,403
2018-2019	\$16,371,271	\$1,571	\$42,683	\$56,503	\$1,183,864	\$1,240,368
2019-2020	\$15,436,287	\$22	\$681	\$7,342	\$515,554	\$522,896
2020-2021	\$14,536,165	\$740	\$14	\$1,070	\$514,196	\$515,266
2021-2022	\$15,311,697	\$507	\$5	\$5,907	\$505,130	\$511,037
2022-2023	\$18,779,663	\$0	\$0	\$8,056	\$699,051	\$707,107
2023-2024	\$19,361,416	\$0	\$0	\$40,018	\$536,761	\$576,778

FPHT= FOREST PRODUCTS HARVEST TAX - ORS 321.005 to 321.185
 EOPT= EASTERN OREGON PRIVILEGE TAX - sunset (current collections on prior assessments)
 WOPT= WESTERN OREGON PRIVILEGE TAX - sunset (current collections on prior assessments)
 EOSTF= EASTERN OREGON SMALL TRACT FORESTLAND PROGRAM SEVERANCE TAX - ORS 321.700 to 321.754
 WOSTF= WESTERN OREGON SMALL TRACT FORESTLAND PROGRAM SEVERANCE TAX- ORS 321.700 to 321.754

Exhibit I-3



For participants in the STF program, forestland has an assessed value equal to 20% of the specially assessed forestland values determined by the DOR (as directed by law). Small tract owners pay a severance tax upon harvest. The severance tax applies to the net volume of logs from harvested timber. The severance tax rates for calendar year 2023 were \$6.70 (Western Oregon) and \$5.20 (Eastern Oregon) per 1,000 board feet harvested. Preliminary tax rates for 2024 are \$6.90 (Western) and \$5.35 (Eastern). These rates are indexed annually in proportion to the increase in value of forestland in the Program in each area.

For a parcel of forestland to qualify for the STF program, it must be held in common ownership of at least 10 acres but less than 5,000 acres of Oregon forestland and meet minimum stocking and species requirements. The owner must apply to the relevant county assessor(s) and the application must include all forestland owned in contiguous parcels. Assessors must disqualify forestland from the STF program if it fails to meet minimum stocking and species requirements or becomes part of an ownership of less than 10 acres or more than 5,000 acres. Disqualification from the program is subject to additional taxes equal to the tax on the 80% of value while in the program to a maximum of 10 years.

The values per acre shown in the table below are the maximum assessed values for forest land in the Oregon Forestland program (OFP) and the value limits for forest land in the Small Tract Forestland program (STF).

Exhibit I-4

OREGON FORESTLAND VALUES

FOR

JULY 1, 2024 — JUNE 30, 2025

Western Oregon

Forestland Class	Forestland Program		Small Tract Forestland Program	
	MSAV	SAV	20% MSAV	20% SAV
FA	\$837.02	\$1,566.22	\$166.02	\$313.24
FB	\$664.01	\$1,240.30	\$131.75	\$248.06
FC	\$556.10	\$1,041.12	\$110.04	\$208.22
FD	\$472.37	\$887.22	\$93.79	\$177.44
FE	\$314.25	\$588.46	\$61.30	\$117.69
FF	\$226.81	\$425.50	\$45.02	\$85.10
FG	\$94.76	\$181.06	\$17.91	\$36.21
FX	\$11.05	\$18.10	\$1.68	\$3.62

Eastern Oregon

Forestland Class	Forestland Program		Small Tract Forestland Program	
	MSAV	SAV	20% MSAV	20% SAV
Eastern Oregon	\$94.76	\$184.22	\$17.91	\$36.84

MSAV: Maximum Specially Assessed Value (Measure 50)

SAV: Specially Assessed Value (ORS 321.207)
 20% MSAV: 20% Maximum Specially Assessed Value for qualified Small Tract Forestland Program properties (Measure 50)
 20% SAV: 20% Specially Assessed Value for qualified Small Tract Forestland Program properties (ORS 321.722)

The severance taxes under the STF program are deposited to the appropriate Eastern or Western Oregon Timber Severance Tax Fund. After payment of administrative expenses, the balance in each fund is distributed to the State School Fund (60.5%), the Community College Support Fund (4.5%) on May 1st of each year, and to the counties in either eastern or western Oregon (35%) on August 15th following the end of the fiscal year.

Local Revenues from Federally Owned Forest Lands

Notwithstanding the importance of the Forest Products Harvest Tax and Severance Tax revenues to the state and to local taxing districts, among certain counties primarily located in southwest Oregon, federally owned forestlands are a critical revenue source. Under federal law, harvested timber from federally owned lands must be shared with the state and counties in which the federally owned forestlands are located. On October 30, 2000, Congress passed Public Law 106-393 (the Secure Rural Schools and Community Self-Determination Act of 2000, commonly known as "Payments to States") in order to offset the effect of decreased revenues available to counties from declining timber harvests on federal lands. In FY 2010-11, estimated federal forest payments totaled \$116 million. The act was reauthorized for FY 2013 for 1 year at a rate of 95 percent of the FY 2012 amount. Oregon received \$96.8 million in FY 2014 from the SRS funds as well as BLM payments to counties for harvest on the Oregon and California Railroad lands and the Coos Bay Wagon Road Lands. In FY 2015, these payments were \$89.4 million. O&C funds to the 18 counties were \$24 million in 2016.

Exhibits I5 and I6 provide historical harvest data. The chart in Exhibit I5 clearly shows the decline in harvest on federal land during the first half of the 1990s. From 2013 through 2022 total harvest has averaged 3,860 million board feet (mmbf); ranging from a low of 3,541 mmbf in 2019 to a high of 4,199 mmbf in 2013.

Exhibit I-5

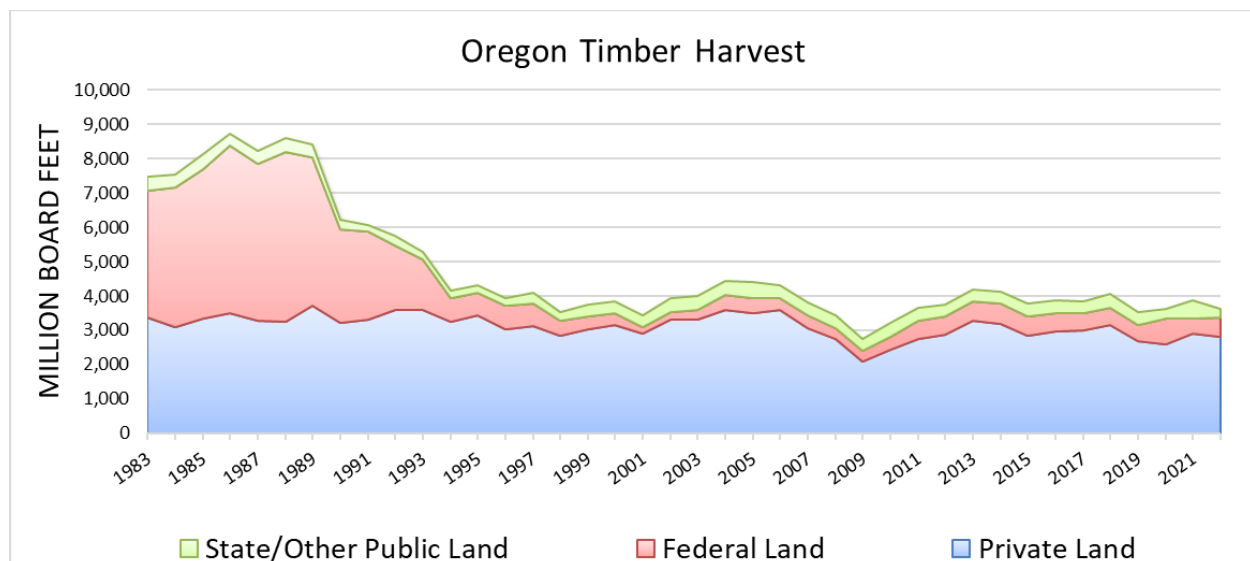


Exhibit I6 provides the numerical harvest data from 1979 through 2022, separated by private, federal, and state/other land.

Exhibit I-6

OREGON TIMBER HARVEST								
Million Board Feet - Scribner Scale								
Year	Private Land		Federal Land		State/Other Public Land		Total	
	Volume	% Change	Volume	% Change	Volume	% Change	Volume	% Change
1979	3,209		4,123		363		7,695	
1980	3,134	-2.3%	3,196	-22.5%	309	-14.9%	6,639	-13.7%
1981	2,702	-13.8%	2,658	-16.8%	335	8.4%	5,695	-14.2%
1982	3,440	27.3%	2,000	-24.8%	318	-5.1%	5,758	1.1%
1983	3,374	-1.9%	3,690	84.5%	400	25.8%	7,464	29.6%
1984	3,079	-8.7%	4,083	10.7%	388	-3.0%	7,550	1.2%
1985	3,332	8.2%	4,372	7.1%	424	9.3%	8,128	7.7%
1986	3,494	4.9%	4,892	11.9%	357	-15.8%	8,743	7.6%
1987	3,280	-6.1%	4,566	-6.7%	368	3.1%	8,214	-6.1%
1988	3,259	-0.6%	4,926	7.9%	430	16.8%	8,615	4.9%
1989	3,721	14.2%	4,333	-12.0%	366	-14.9%	8,420	-2.3%
1990	3,229	-13.2%	2,718	-37.3%	272	-25.7%	6,219	-26.1%
1991	3,312	2.6%	2,554	-6.0%	214	-21.3%	6,080	-2.2%
1992	3,581	8.1%	1,886	-26.2%	275	28.5%	5,742	-5.6%
1993	3,608	0.8%	1,463	-22.4%	222	-19.3%	5,293	-7.8%
1994	3,244	-10.1%	688	-53.0%	235	5.9%	4,167	-21.3%
1995	3,432	5.8%	654	-4.9%	218	-7.2%	4,304	3.3%
1996	3,018	-12.1%	690	5.5%	214	-1.8%	3,922	-8.9%
1997	3,133	3.8%	659	-4.5%	289	35.0%	4,081	4.1%
1998	2,840	-9.4%	455	-31.0%	237	-18.0%	3,532	-13.5%
1999	3,014	6.1%	383	-15.8%	362	52.7%	3,759	6.4%
2000	3,167	5.1%	328	-14.4%	359	-0.8%	3,854	2.5%
2001	2,905	-8.3%	173	-47.3%	362	0.8%	3,440	-10.7%
2002	3,319	14.3%	222	28.3%	382	5.5%	3,923	14.0%
2003	3,313	-0.2%	281	26.6%	408	6.8%	4,002	2.0%
2004	3,606	8.8%	433	54.1%	412	1.0%	4,451	11.2%
2005	3,495	-3.1%	454	4.8%	463	12.4%	4,412	-0.9%
2006	3,596	2.9%	346	-23.8%	386	-16.6%	4,328	-1.9%
2007	3,070	-14.6%	363	4.9%	366	-5.2%	3,799	-12.2%
2008	2,740	-10.7%	323	-11.0%	379	3.6%	3,442	-9.4%
2009	2,079	-24.1%	339	5.0%	331	-12.7%	2,749	-20.1%
2010	2,432	17.0%	387	14.2%	407	23.0%	3,226	17.4%
2011	2,733	12.4%	539	39.3%	377	-7.4%	3,649	13.1%
2012	2,873	5.1%	517	-4.1%	358	-5.0%	3,748	2.7%
2013	3,274	14.0%	557	7.7%	368	2.8%	4,199	12.0%
2014	3,183	-2.8%	595	6.8%	347	-5.7%	4,125	-1.8%
2015	2,846	-10.6%	561	-5.7%	381	9.8%	3,788	-8.2%
2016	2,967	4.3%	534	-4.8%	387	1.6%	3,888	2.6%
2017	3,001	1.1%	495	-7.3%	355	-8.3%	3,851	-1.0%
2018	3,148	4.9%	495	0.0%	421	18.6%	4,064	5.5%
2019	2,671	-15.2%	486	-1.8%	384	-8.8%	3,541	-12.9%
2020	2,596	-2.8%	733	50.8%	296	-22.8%	3,625	2.4%
2021	2,898	8.5%	449	-7.6%	533	38.7%	3,880	9.6%
2022	2,824	8.8%	557	-24.0%	257	-13.3%	3,638	0.3%