

HB 4004 -5, -11, -12, -13, -14 STAFF MEASURE SUMMARY

House Committee On Agriculture, Land Use, Natural Resources, and Water

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Sub-Referral To: House Committee On Revenue

Meeting Dates: 2/2, 2/11

WHAT THE MEASURE DOES:

The measure exempts certain forestlands from back taxes upon disqualification from special assessment if the State Forester suspends the lands' stocking requirements due to insects or disease and approves an alternate reforestation plan.

Detailed Summary

- Exempts Western Oregon designated forestland, Eastern Oregon designated forestland, and small tract forestland from being subject to back taxes upon disqualification from special assessment when the disqualification is due to the following, caused by insects or disease:
 - The State Forester has suspended the density and stocking requirements for reforestation on the land, and
 - The land is subject to an alternate reforestation plan approved by the State Forester.
- Requires the landowner to submit the approved alternate plan to the county assessor by July 1 of the relevant property tax year in order to obtain the exemption.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-5 The **-5 amendment adds provisions** to the measure that expand the definition of Boat to include a combination of floatation devices already included in the definition unless otherwise designated by the U.S. Coast Guard.

FISCAL: Has minimal fiscal impact

REVENUE: Revenue impact issued

-11 The **-11 amendment makes changes** to the measure as introduced by limiting it to small tract forestland, converting the back-tax exemption to a tax deferral, and sunsetting the Act January 2, 2028.

Detailed Summary

- Limits the measure to small tract forestland
- Converts the back-tax exemption to a deferral of tax liability when land is disqualified from special assessment solely due to Douglas-fir mortality
- Gives direction to the county assessors on how to administer the tax deferral
- Requires landowners to submit written notice by April 1 of the assessment year requesting the deferral and certifying Douglas-fir mortality impacts
- Requires disqualified properties to be valued and assessed under standard ad valorem taxation rules
- Sunsets January 2, 2028.

FISCAL: Has minimal fiscal impact

REVENUE: Revenue impact issued

-12 The **-12 amendment adds provisions** to the measure that limit the requirement to carry a waterway access permit while operating a nonmotorized boat to boats that are at least 10 feet in length and sailboats that are between 10 and 12 feet in length.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: May have revenue impact, but no statement yet issued

-13 The **-13 amendment adds provisions** to the measure that authorize the Oregon Water Resources Department to grant water right permit holders a single 7-year extension if development delays result from specific land use permit delays or related appeals, provided the applicant is either within their original construction deadline or already holds a valid extension when applying.

Detailed Summary

- Authorizes OWRD to, for good cause shown, grant one extension of time not exceeding 7 years to permit holders other than those holding a permit for municipal use, quasi-municipal, group domestic or group domestic expanded uses, to complete construction and apply water beneficially, if the Department can determine that development delays under the water right permit resulted from one of the following:
 - Delays in permit issuance by another local, state, or federal government
 - Appeals of local, state, or federal decisions on a permit.
- Requires applicants for such extension to:
 - Either have not received a prior extension and apply prior to their original construction due date, or
 - Have a valid extension of time at the time of application

FISCAL: Has minimal fiscal impact

REVENUE: Revenue impact issued

-14 The **-14 amendment adds provisions** to the measure that make a technical correction to ensure timeline consistency for proposed final orders on water rights and permits, remove the requirement that OWRD's director or principal assistant be a registered engineer while requiring the department to employ one, and direct OWRD to promote enrollment in the federal Conservation Reserve Enhancement Program for water users who voluntarily cancel groundwater rights in restricted areas. *FISCAL: Has minimal fiscal impact*

FISCAL: Has minimal fiscal impact

REVENUE: Revenue impact issued

BACKGROUND:

Forestland assessments

Since 2015, Douglas-fir dieback in southwest Oregon has increased significantly, with an estimated 260,000 trees killed across roughly 150,000 acres between 2016 and 2019. Environmental changes (fire, drought, insect infestations) can create landscapes that no longer support the stocking density required to maintain the forestland status designation required for special tax assessments. A property owner whose land is disqualified from special assessment status is subject to paying back taxes.

Definition of 'Boat'

ORS 830.005 defines a "boat" as including every description of watercraft, including a seaplane on the water and not in flight, used or capable of being used as a means of transportation on the water. The definition excludes boathouses, floating homes, air mattresses, beach and water toys or single inner tubes. After the passage of HB 2982 (2025), which extended the Waterway Access Permit (WAP) requirement to all boats, questions were raised about whether two innertubes tied together would qualify as a boat, and therefore require a WAP.

Water Right Extensions

After a water right permit is issued, the holder is given a set period of time to complete the construction of proposed works and apply the water beneficially. Under certain circumstances, the Oregon Water Resources Department (OWRD) may grant an extension of this deadline. The passage of HB 3342 (2025) limited the types and number of extensions available to permit holders.

OWRD water right processing timelines

House Bill 3342 (2025) established under which conditions a proposed final order becomes a final order without further action by OWRD. The -14 amendment provides a technical correction to address an internal incongruity of the language in that measure.

OWRD organizational structure

Over many years, Oregon's water management agency has evolved from the State Engineer's office into its current OWRD structure. Current law still requires certain leadership positions to function as principal assistant reporting directly to the agency's director; a requirement that the Department of Administrative Services recently flagged as unmet.

Conservation Reserve Enhancement Program (CREP)

The Harney Valley Groundwater CREP is administered by OWRD and the U.S. Farm Services Agency to provide incentives for eligible groundwater irrigators who choose to enroll to reduce their consumptive water use by voluntarily cancelling their groundwater rights.