

Forestland & Timber Taxation



Prepared for Clatsop
County
Comprehensive
Land Use Plan
Review

October 17, 2019

Presentation Overview

PROPERTY TAXES

- ALL Special Assessment Programs
- Forestland Special Assessment
- Forestland Valuation

HARVEST TAXES

- Forest Products Harvest Tax
- Small Tract Forestland Severance Tax

OWNERSHIP & ASSESSMENT

- Large Industrial Owners vs. Small Forestland Owners

Special Assessment Programs Available

- Farm Use - Exclusive Farm Use Zone (EFU)
- Farm Use - Non-Exclusive Farm Use (Non-EFU)

- **Designated Forestland (DFL)**
 - Western Oregon
 - Eastern Oregon
- **Small Tract Forestland (STF)**

- Farm & Forest Homesites
- Conservation Easement (CE)
- Wildlife Habitat (WLH)

WILDLIFE HABITAT PROGRAM - PARTICIPATING COUNTIES

https://www.dfw.state.or.us/lands/whcmp/landowner_guide.pdf



- Participating counties:**
Benton, Clackamas, Columbia, Deschutes, Douglas, Hood River, Lake, Lane, Marion, Morrow, Multnomah, Polk, Sherman, Washington, Wheeler
- Non-participating counties:**
Baker, Clatsop, Coos, Crook, Curry, Gilliam, Grant, Harney, Jackson, Jefferson, Josephine, Klamath, Lincoln, Linn, Malheur, Tillamook, Umatilla, Union, Wallowa, Wasco, Yamhill

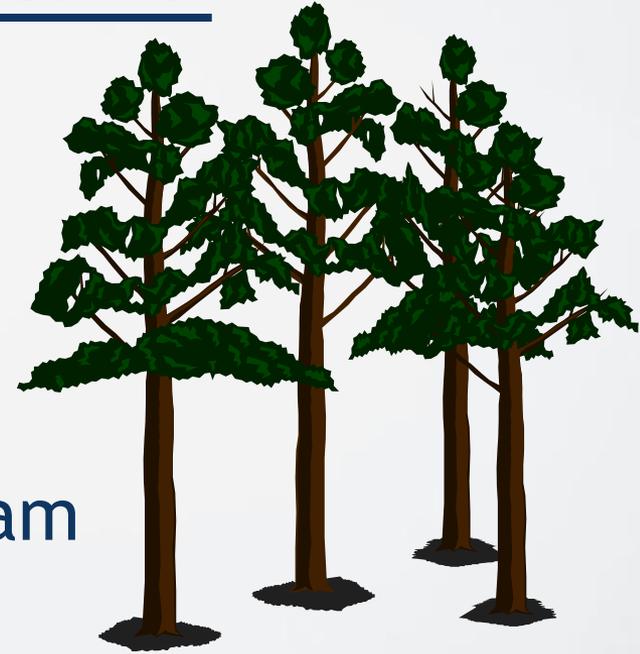
Forestland Special Assessment

- Oregon Forestland (HBU, Designated)
ORS 321.257 - 321.390 (Western)
ORS 321.805 - 321.855 (Eastern)
- Small Tract Forestland (STF)
ORS 321.700 - 321.754



Oregon Forestland

- 7.3 million acres are taxed as Forestland statewide:
 - Highest & Best Use Forestland (HBU)
 - Designated Forestland (DFL)
- Owners apply to be in DFL program
 - Application to County Assessor
 - Apply by April 1 of first tax year
 - Meet qualification criteria - approved by County
 - No application for HBU (Classified as Forestland)
- Ownerships of 2 acres or more



Small Tract Forestland (STF)

- OPTIONAL for Ownerships of 10 to 5,000 acres of Oregon forestland
- FL Valued at 20% of SAV/MSAV
- 660 thousand acres assessed in STF
- Owners apply to be in STF program
 - Application to County Assessor
 - Apply by April 1 of first tax year
 - DFL and HBU forestland may qualify
 - Meet qualification criteria - approved by County
- **STF Severance Tax at Harvest**



Program Comparison

Forestland

- Tax is computed at 100% of the specially assessed value (paid annually to the county)



STF

- Tax is computed at 20% of the specially assessed value (paid annually to the county)
- Additional tax is paid when timber is harvested (STF-Severance Tax)

Forestland Valuation

- Specially Assessed Values (SAV) set by Department of Revenue
- SAV is the Real Market Value of HBU Forestland (per Acre)
- Values are determined using the methodology in OAR 150-321-0200
 - Forestland Sales
- 8 Productivity Classes
 - **FA – FG**, FX



Forestry SITE Class		100 Year Site Index	50 Year Site Index	DOR F-CLASS
Site I	I+	210	155	FA
		205	152	
	I	204	151	
		195	145	
I-	194	144		
	186	139		
Site II	II+	185	138	FB
		175	131	
	II	174	130	
		165	124	
II-	164	123	FC	
	156	118		
Site III	III-	155	117	FD
		145	110	
	III	144	109	
		135	102	
III-	134	101	FE	
	126	96		
Site IV	IV+	125	95	FF
		115	89	
	IV-	114	88	
		105	81	
IV-	104	80		
	96	74		
Site V	V+	95	73	FG
		85	67	
	V	84	66	
		75	59	
V-	74	58		
	65	50		

SITE INDEX:

- * Measures Productivity - How well a tree can grow
- * How tall (feet) a dominant tree can grow in 50 years
- * DOR selects Douglas-fir to measure Site Index
- * Plots taken on each 1/16 Section... about 40 acres

JULY 1, 2019 – JUNE 30, 2020

WESTERN OREGON

	Forestland Program		Small Tract Forestland Program	
Forestland Class	MSAV	SAV	20% MSAV	20% SAV
FA	\$722.04	\$1102.30	\$143.24	\$220.46
FB	\$572.80	\$872.92	\$113.67	\$174.58
FC	\$479.72	\$732.74	\$94.94	\$146.54
FD	\$407.50	\$624.42	\$80.92	\$124.88
FE	\$271.10	\$414.16	\$52.90	\$82.83
FF	\$195.67	\$299.46	\$38.85	\$59.89
FG	\$81.76	\$127.43	\$15.47	\$25.48
FX	\$9.55	\$12.74	\$1.48	\$2.54

EASTERN OREGON

	Forestland Program		Small Tract Forestland Program	
Forestland Class	MSAV	SAV	20% MSAV	20% SAV
Eastern Oregon	\$81.76	\$137.80	\$15.47	\$27.56



COUNTY



Highways



STATE Forestland



Federal Land

DOR - PRODUCTIVITY CLASSES

FLClass



FA



FB



FC



FD



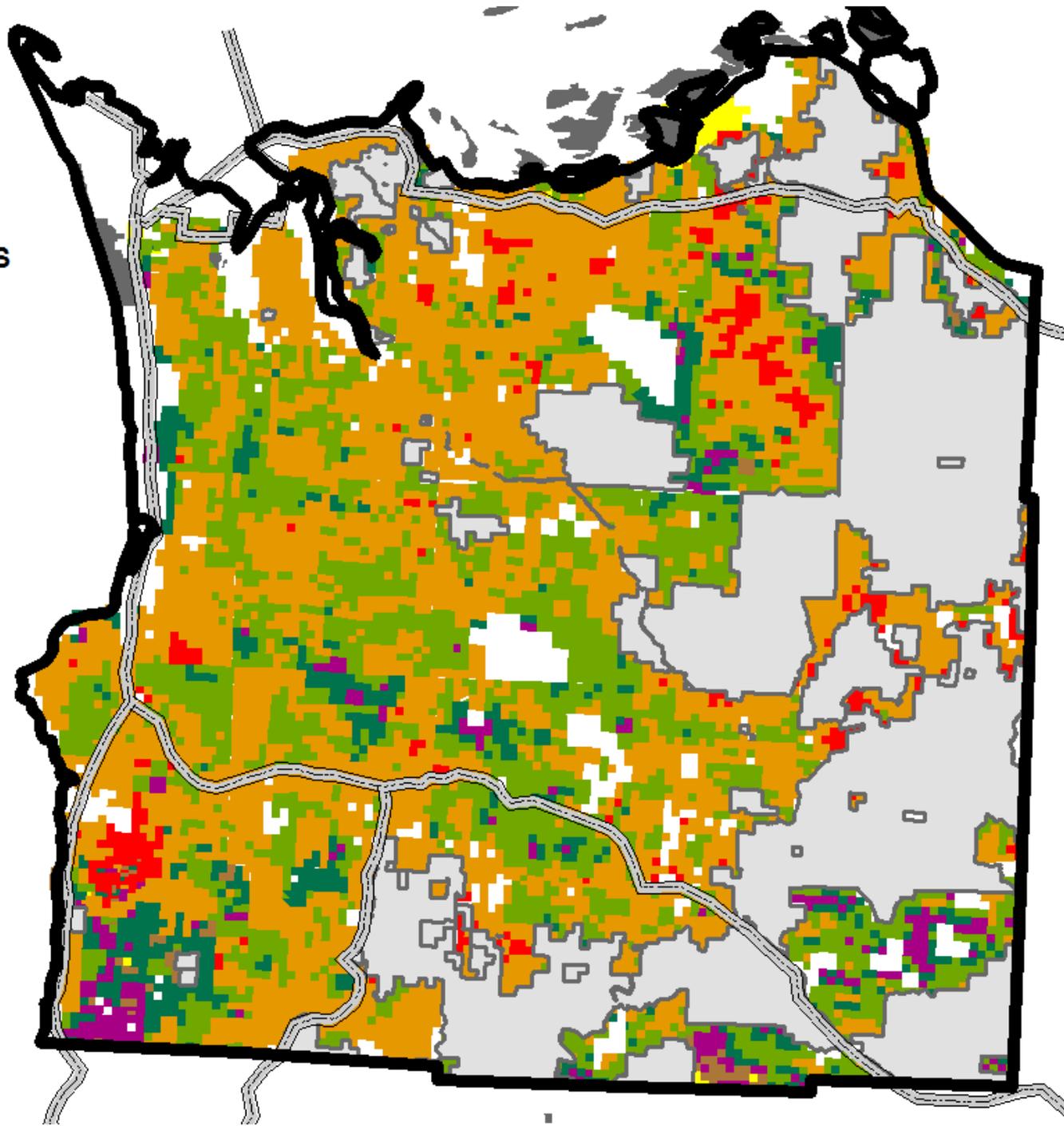
FE



FF



FG



AVERAGE FORESTLAND VALUES - PER COUNTY - WESTERN OREGON

Assessed Value:		\$701.01	\$556.12	\$465.75	\$395.64	\$263.21	\$189.98	\$79.38	\$9.28	
County	Forestland Acres	FA	FB	FC	FD	FE	FF	FG	FX	Average per Ac Value\$
Lincoln	343,017	108,242	165,166	44,036	15,222	7,727	1,984	127	514	\$573
Columbia	300,743	12,338	142,915	122,685	16,677	3,747	422	106	1,853	\$509
Clatsop	292,874	11,544	152,753	91,929	23,909	8,508	2,327	417	1,487	\$505
Tillamook	183,669	11,715	72,881	50,112	25,862	17,502	4,870	241	486	\$478
Washington	163,268	967	47,557	76,076	29,241	8,514	664	9	241	\$469
Linn	453,428	21,086	99,778	193,708	80,856	43,328	11,758	688	2,225	\$455
Coos	539,494	11,018	125,627	230,268	105,186	47,624	16,908	948	1,914	\$449
Polk	212,172	9,204	63,662	64,770	40,030	19,107	8,623	16	6,760	\$446
Yamhill	148,802	688	23,497	76,326	34,870	11,505	1,901	0	17	\$445
Benton	175,309	1,797	41,725	69,967	34,152	26,393	1,250	3	22	\$443
Multnomah	30,291	3	2,904	20,505	4,113	2,277	96	49	345	\$443
Clackamas	239,854	409	57,986	103,127	36,289	21,278	16,127	3,471	1,168	\$433
Marion	106,555	193	13,241	60,606	16,869	9,225	5,674	594	153	\$431
Lane	818,435	9,458	139,371	279,666	220,598	108,158	52,013	5,260	3,911	\$416
Douglas	1,070,146	5,189	102,194	335,988	201,057	272,580	132,322	20,815	0	\$369
Curry	263,445	511	13,243	54,965	83,979	79,924	27,315	2,126	1,381	\$353
Hood River	44,868	0	0	214	3,943	16,967	16,174	6,242	1,328	\$216
Jackson	446,479	0	0	7,169	25,718	104,769	203,096	100,454	5,273	\$196
Josephine	168,191	0	0	0	0	1,847	73,721	91,748	875	\$130
Totals:	6,001,041	204,362	1,264,502	1,882,115	998,572	810,980	577,246	233,313	29,951	

Valuation Timeline

- January 1 - Assessment Date
- April 1 - Proposed values
- Prior to May 1 - Hold hearing/receive input
- June 1 - Certify values to County Assessors



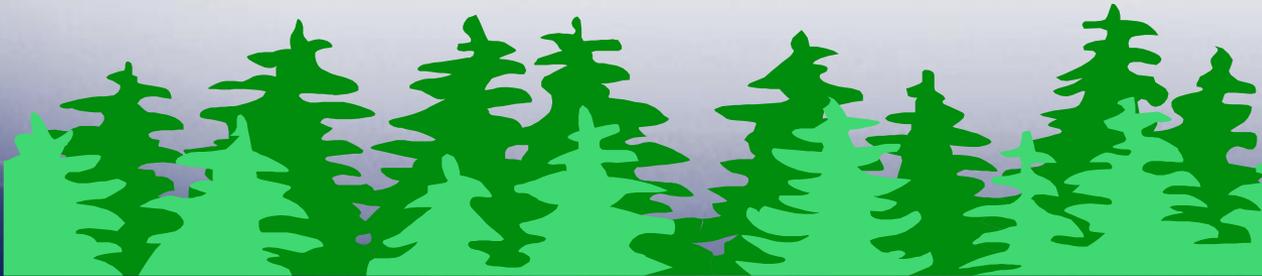
Timber Tax Programs

- Forest Products Harvest Tax
(ORS 321.005 - 321.185)
- Small Tract Forestland Severance Tax
(ORS 321.726 - 321.754)
- Taxe\$ collected and distributed by DOR



Forest Products Harvest Tax

- Due on ALL timber harvests (from both public and private lands)
- Tax is based on net volume harvested
 - 2019 Rate = \$4.2811 per MBF
 - Established by Oregon Legislature every 2 Yrs.
- First 25 MBF exempt
- Taxpayer must file FPHT Return - Due January 31
 - **Taxpayer = “Timber Owner” from ODF-NOAP**

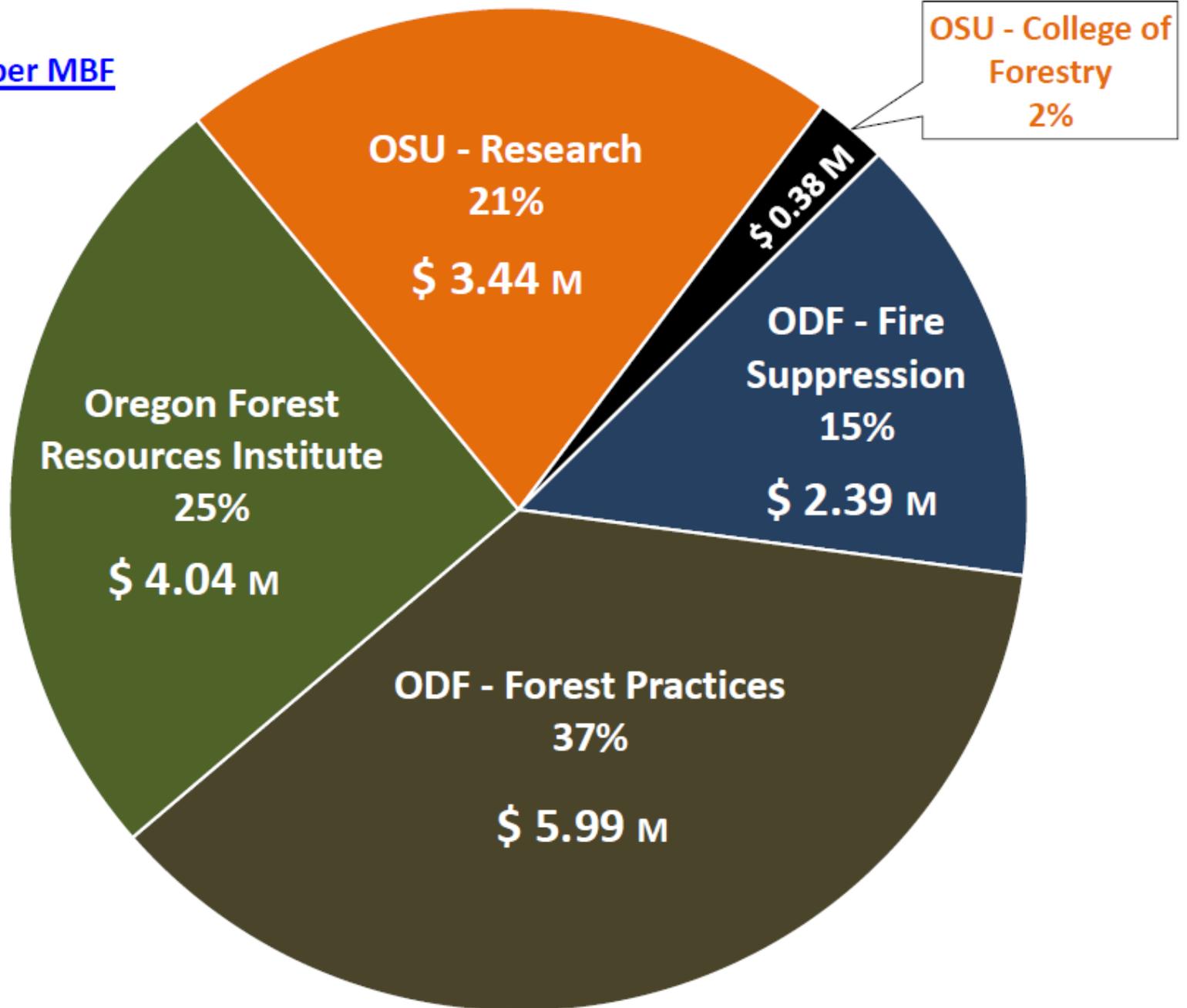


Forest Products Harvest Tax

- Funds specific programs:
 - ODF - Oregon Forest Practices Act
 - ODF - Emergency Fire Fund
 - OSU - Forestry Research
 - OSU - College of Forestry
 - Oregon Forest Resources Institute
- DOR Distributes Funds Quarterly

2019 - FOREST PRODUCTS HARVEST TAX REVENUE

\$4.2811 per MBF



Summary of Forest Products Harvest Tax Distributions to Recipients

Fiscal Year	TOTAL FPHT (\$)	Emergency Fire	OSU Research	Forest Practices	OFRI	OSU Forestry
2014-2015	\$ 13,752,891	\$ 2,433,899	\$ 3,286,347	\$ 3,787,925	\$ 3,855,296	\$ 389,424
2015-2016	\$ 13,065,672	\$ 2,312,279	\$ 3,122,132	\$ 3,598,646	\$ 3,662,650	\$ 369,965
2016-2017	\$ 13,766,092	\$ 2,304,693	\$ 3,318,757	\$ 4,069,903	\$ 3,703,989	\$ 368,751
2017-2018	\$ 14,892,069	\$ 2,404,171	\$ 3,461,999	\$ 4,698,062	\$ 3,943,168	\$ 384,669
2018-2019	\$ 16,243,881	\$ 2,390,739	\$ 3,442,658	\$ 5,990,595	\$ 4,037,368	\$ 382,520

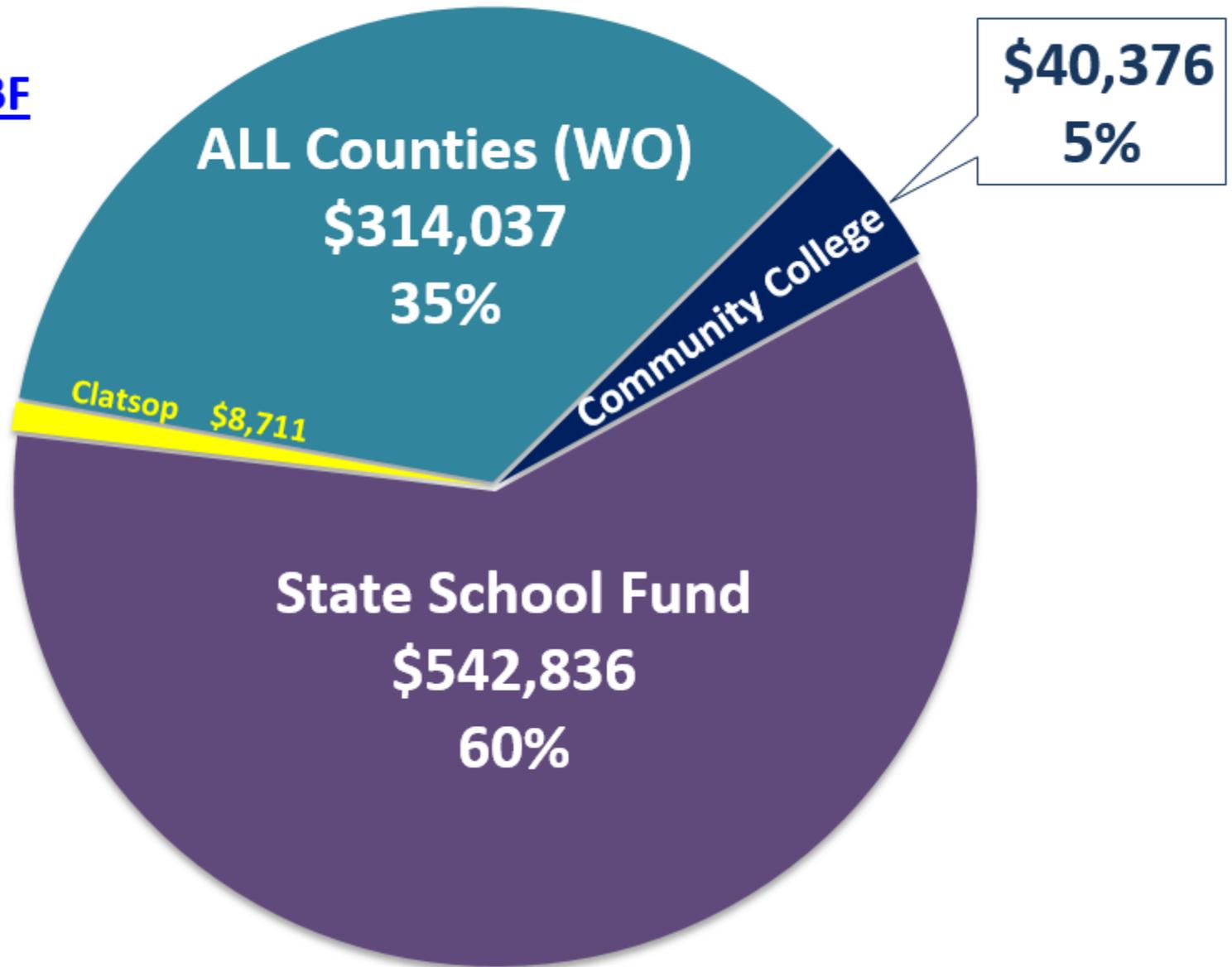
STF Severance Tax

- Imposed on timber harvested from STF lands
 - In Addition to FPHT
- Tax is based on net volume harvested
 - \$5.98 per MBF - Western OR (2019)
 - \$4.65 per MBF - Eastern OR
 - Indexed Rate (Annual & typically +3%)
- Taxpayer must file STF Return - Jan. 31
- DOR Distributes Funds Annually:
 - 60% State School Fund to Schools K-12
 - 5% Community Colleges
 - 35% to the County Taxing District



2019 - STF Severance Tax Revenue

\$5.98 per MBF



Summary of STF Severance Tax Distributions to Recipients (Western Oregon)

TaxYr	TOTAL STF (\$)	Community College Fund	State School Fund	County Payments
2015	\$ 577,647	\$ 25,994	\$ 349,476	\$ 202,176
2016	\$ 417,887	\$ 18,805	\$ 252,822	\$ 146,261
2017	\$ 524,206	\$ 23,595	\$ 317,227	\$ 183,383
2018	\$ 568,883	\$ 25,600	\$ 344,174	\$ 199,109
2019	\$ 897,249	\$ 40,376	\$ 542,836	\$ 314,037

ASSESSED VALUES - STF Land (20% MSAV) for Distirbutions to the Counties - May 10, 2019

Distribution % for Western Oregon Counties

2	Benton	\$1,513,134	4.2%
3	Clackamas	\$2,026,355	5.7%
4	Clatsop	\$994,048	2.8%
5	Columbia	\$1,694,801	4.7%
6	Coos	\$4,011,254	11.2%
8	Curry	\$1,175,640	3.3%
10	Douglas	\$6,692,998	18.7%
14	Hood River	\$95,698	0.3%
15	Jackson	\$1,344,370	3.8%
17	Josephine	\$647,770	1.8%
20	Lane	\$4,872,341	13.6%
21	Lincoln	\$2,830,890	7.9%
22	Linn	\$1,861,922	5.2%
24	Marion	\$1,291,840	3.6%
26	Multnomah	\$533,780	1.5%
27	Polk	\$936,514	2.6%
29	Tillamook	\$747,554	2.1%
34	Washington	\$2,005,060	5.6%
36	Yamhill	\$561,118	1.6%
W		\$35,837,087	100.00%

Distribution % for Eastern Oregon Counties

1	Baker	\$222,302	9.0%
7	Crook	\$104,530	4.3%
9	Deschutes	\$76,944	3.1%
11	Gilliam	\$0	0.0%
12	Grant	\$310,952	12.6%
13	Harney	\$41,378	1.7%
16	Jefferson	\$61,436	2.5%
18	Klamath	\$121,580	4.9%
19	Lake	\$285,416	11.6%
23	Malheur	\$0	0.0%
25	Morrow	\$46,056	1.9%
28	Sherman	\$0	0.0%
30	Umatilla	\$27,522	1.1%
31	Union	\$124,159	5.0%
32	Wallowa	\$49,416	2.0%
33	Wasco	\$165,300	6.7%
35	Wheeler	\$821,942	33.4%
E		\$2,458,933	100.00%

TOTAL:	\$38,296,020	W & E
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Tax Yr	TOTAL	TIMBER DISTRIBUTIONS BY PROGRAM TYPE (PT, STF)				Clatsop
	TIMBER Distributions TOTAL-PMT (\$)	Privilege Tax PT-School Pmt (\$)	STF Severance STF-School Pmt (\$)	Privilege Tax PT-County Pmt (\$)	STF Severance STF-County Pmt (\$)	
1994	\$ 53,813,888			\$ 53,813,888		
<u>1995</u>	<u>\$ 55,576,958</u>			<u>\$ 55,576,958</u>		
1996	\$ 43,929,266			\$ 43,929,266		
1997	\$ 39,456,372			\$ 39,456,372		
1998	\$ 33,004,259			\$ 33,004,259		
1999	\$ 28,934,061			\$ 28,934,061		
<u>2000</u>	<u>\$ 16,980,986</u>			<u>\$ 16,980,986</u>		
2001	\$ 21,896,099	\$ 19,939,321		\$ 1,956,779		\$ 161,744
2002	\$ 15,959,773	\$ 14,851,688		\$ 1,108,085		\$ 85,819
2003	\$ 11,397,810	\$ 10,246,525		\$ 1,151,286		\$ 89,789
2004	\$ 1,273,562	\$ 841,165		\$ 432,397		\$ 29,328
<u>2005</u>	<u>\$ 1,148,695</u>	<u>\$ 637,897</u>	<u>\$ 126,069</u>	<u>\$ 316,845</u>	<u>\$ 67,883</u>	<u>\$ 21,452</u>
2006	\$ 779,298	\$ 382,184	\$ 124,359	\$ 205,792	\$ 66,963	\$ 14,223
2007	\$ 237,748		\$ 154,536		\$ 83,212	\$ 1,654
2008	\$ 278,150		\$ 180,798		\$ 97,353	\$ 2,158
2009	\$ 109,072		\$ 70,897		\$ 38,175	\$ 858
<u>2010</u>	<u>\$ 72,322</u>		<u>\$ 47,009</u>		<u>\$ 25,313</u>	<u>\$ 643</u>
2011	\$ 169,783		\$ 110,359		\$ 59,424	\$ 1,477
2012	\$ 248,646		\$ 161,620		\$ 87,026	\$ 2,133
2013	\$ 345,235		\$ 224,403		\$ 120,832	\$ 2,949
2014	\$ 418,020		\$ 271,713		\$ 146,307	\$ 3,632
<u>2015</u>	<u>\$ 577,647</u>		<u>\$ 375,471</u>		<u>\$ 202,176</u>	<u>\$ 5,140</u>
2016	\$ 417,887		\$ 271,627		\$ 146,261	\$ 3,718
2017	\$ 524,206		\$ 340,822		\$ 183,383	\$ 4,835
2018	\$ 568,883		\$ 369,774		\$ 199,109	\$ 5,238
2019	\$ 897,249		\$ 583,212		\$ 314,037	\$ 8,711

FORESTLAND OWNERSHIP & ASSESSMENT CLATSOP COUNTY

FORESTLAND ASSESSMENT

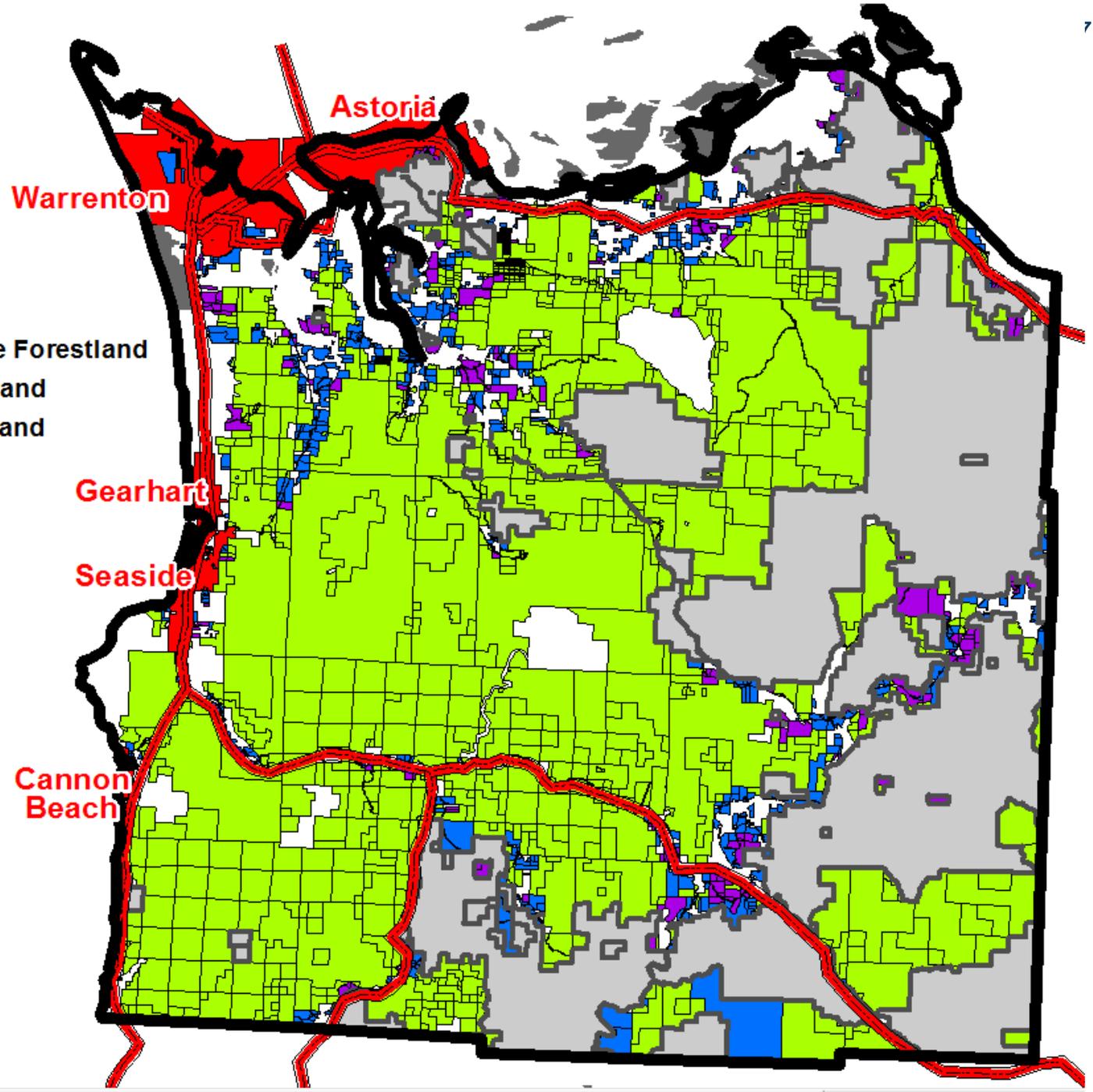
Highest & Best Use - Forestland	264,159	Ac.	90%
Designated Forestland (S.A.)	19,463	Ac.	7%
Small Tract Forestland (S.A.)	9,252	Ac.	3%
TOTAL TAXABLE FORESTLAND:	292,874	Ac.	

-  COUNTY
-  Highways
-  STATE Forestland
-  Federal Land

CLATSOP Taxlots

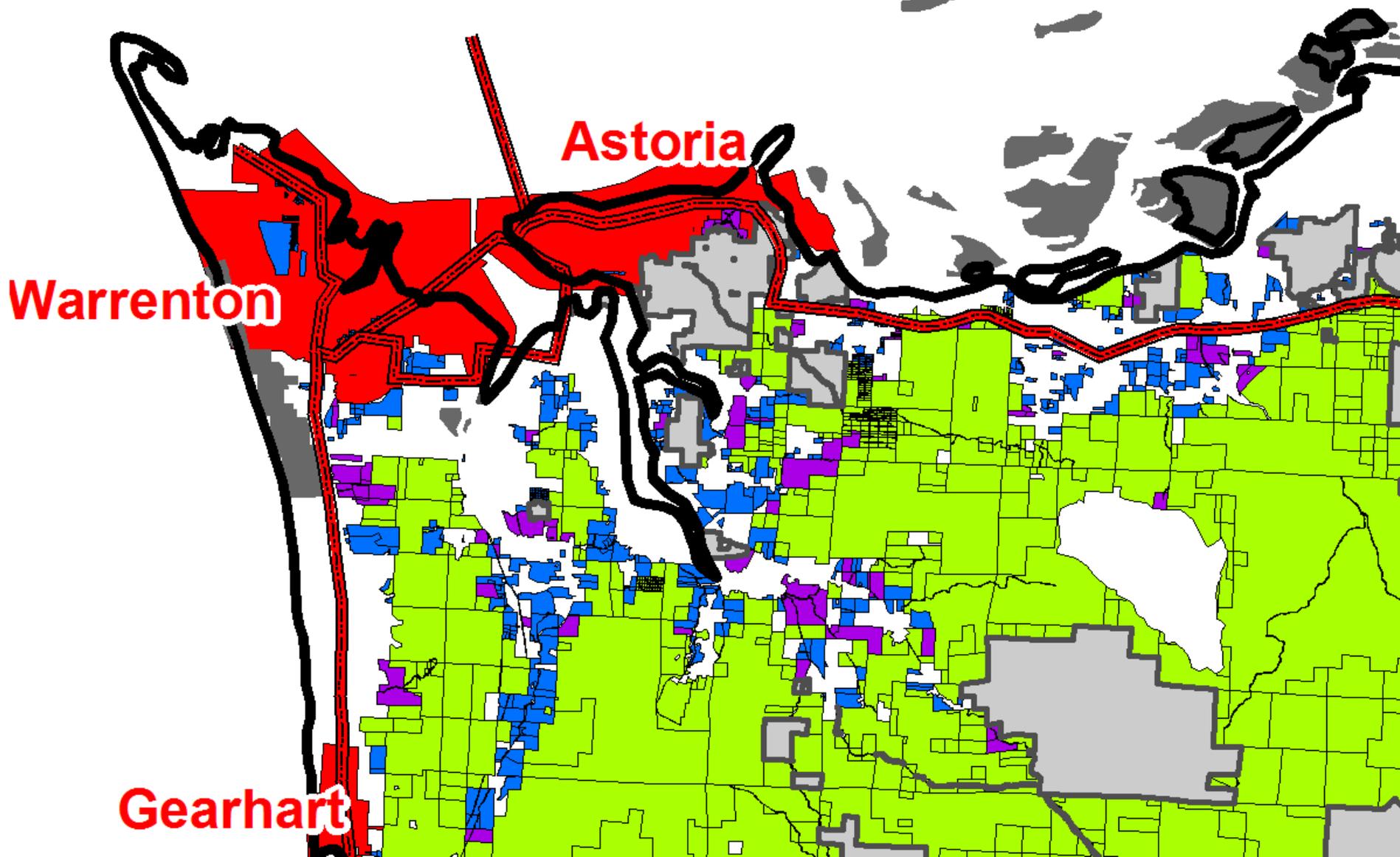
LANDTYPE

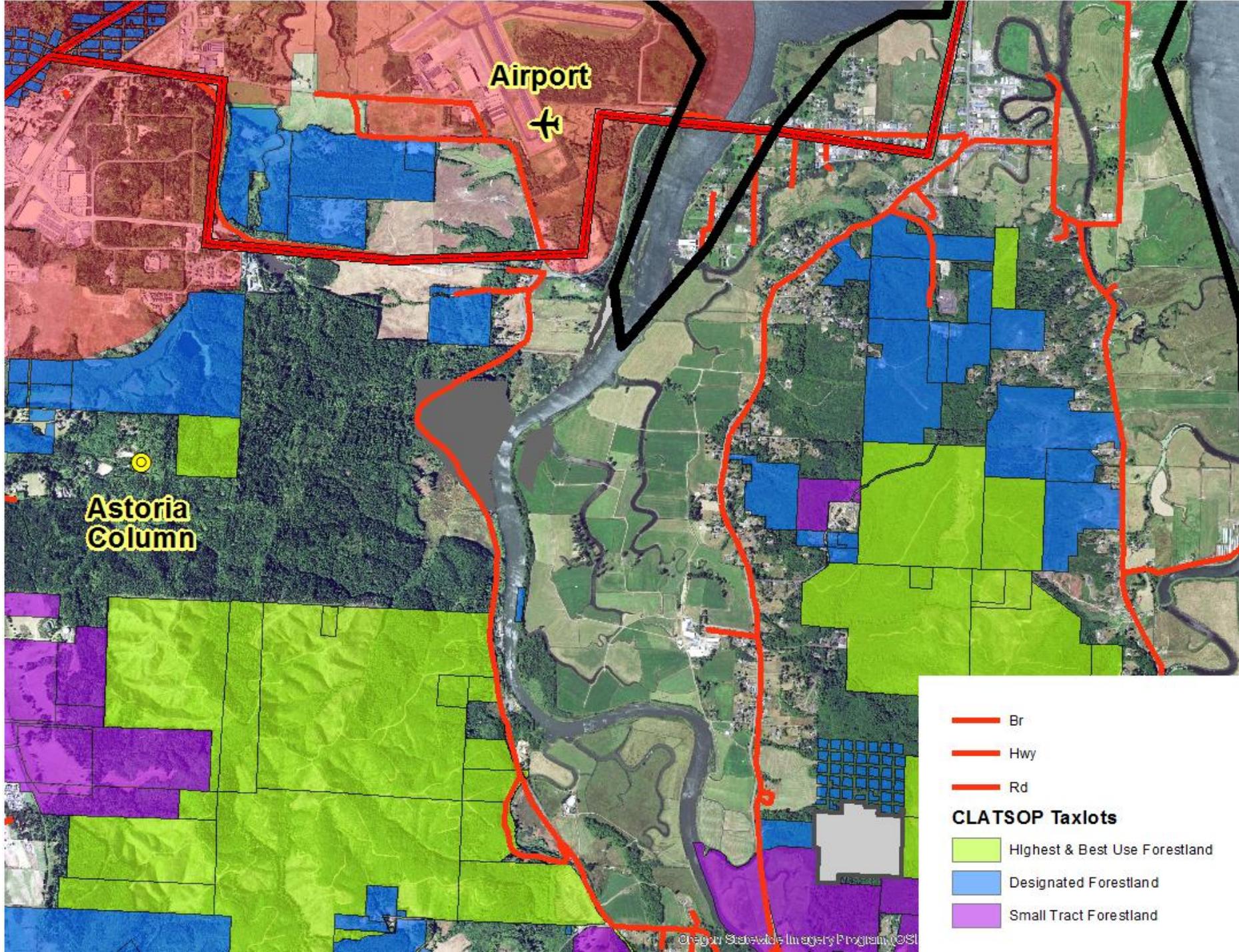
-  Highest & Best Use Forestland
-  Designated Forestland
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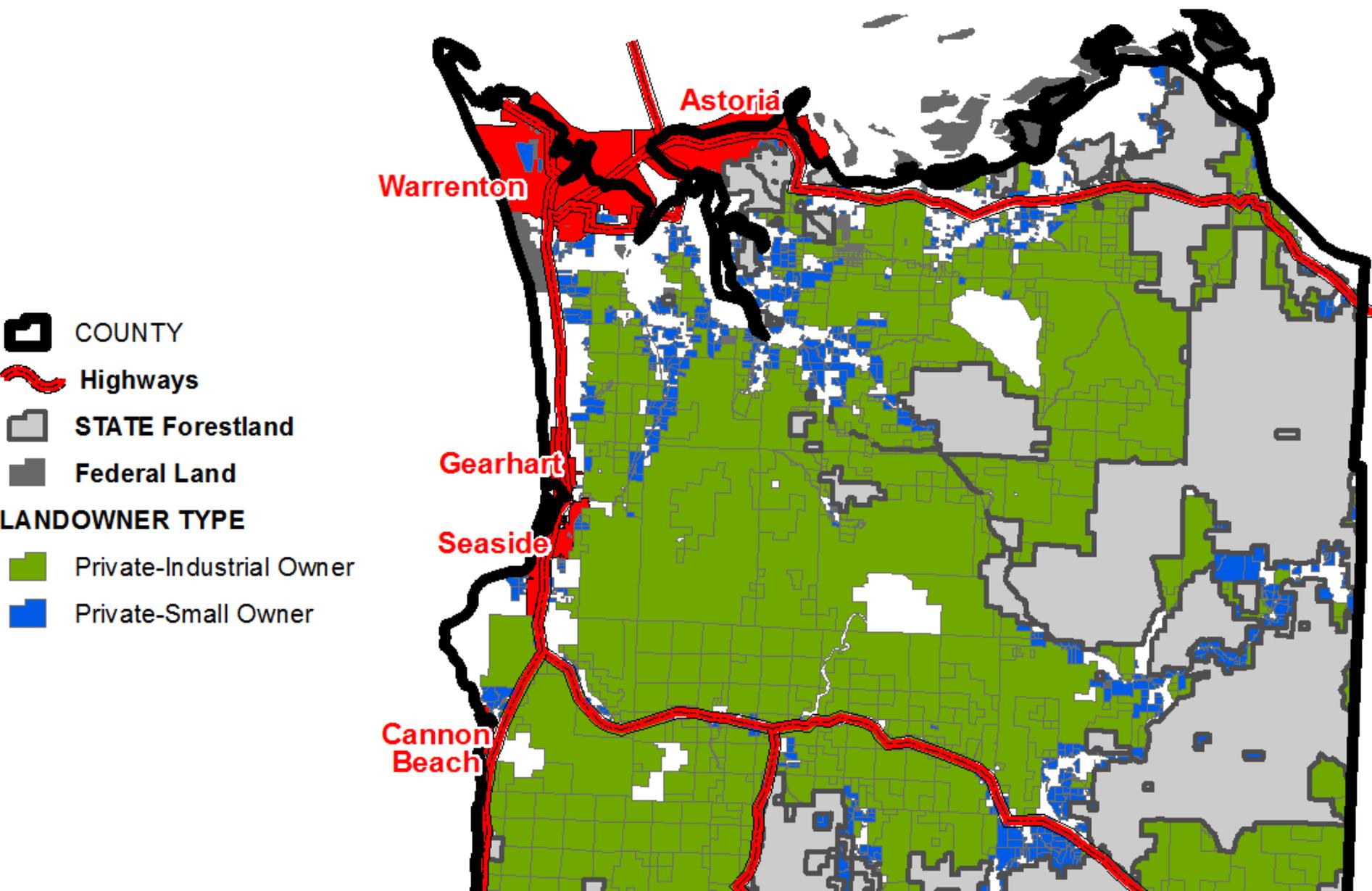
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- CLATSOP Taxlots
- LANDTYPE
-  Highest & Best Use Forestland
 -  Designated Forestland
 -  Small Tract Forestland





LANDOWNER TYPE	COUNT	TOTAL ACRES	(%)
Private-Industrial Owner	20	264,543	90%
Private-Small Owner	650	28,331	10%
TOTAL TAXABLE FL ACRES:		292,874	100%



THE END

This is the end, beautiful friend
This is the end, my only friend
The end of our elaborate plans
The end of ev'rything that stands
The end

No safety or surprise
The end

I'll never look into your eyes again

Can you picture what will be
So limitless and free
Desperately in need
strange