



# Oregon

Theodore R. Kulongoski, Governor

Department of Revenue  
Property Tax Division  
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May 22, 2009

To whom it may concern:

ORS 321.216 requires that the Department of Revenue certify the specially assessed values of forestland to the counties on or before June 1 of each year. I, therefore, certify that the enclosed schedule contains the 2009 - 2010 per acre values of forestland in your county.

- These certified specially assessed values constitute the department's determination of the real market value, as of the assessment date for the tax year, of highest and best use forestland.
- These certified specially assessed values constitute the specially assessed values, as of the assessment date for the tax year, of designated forestland that is assessed under either ORS 321.354 in the land class for which the certification is being made for western Oregon or ORS 321.833 (formerly 321.812) for eastern Oregon.
- The 2009-2010 Maximum Specially Assessed Value (MSAV) was calculated using a three percent increase over last year's Assessed Value (AV) and is included in the table for your benefit.
- The 20% Specially Assessed Value (SAV) is for use on forestland that is assessed under 321.700 to 321.754 (Small Tract Forestland Option).
- The 20% MSAV value for the tax year beginning July 1, 2009 was calculated using a three percent increase over last year's 20% AV and is included in the table for your benefit.

The values in this certification are calculated based on the procedures set out by ORS 321.207 to 321.213 and OAR 150-321.207(1).

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Timber Tax Operations  
Property Tax Division

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Enclosure: **Oregon Forestland Values for 2009 – 2010**

# Oregon Forestland Values

FOR

**JULY 1, 2009 – JUNE 30, 2010**

## Western Oregon

Forestland Class	Forestland		Small Tract Forestland Option	
	09 – 10 MSAV <sup>1</sup>	09 – 10 SAV <sup>2</sup>	09 – 10 20% MSAV <sup>3</sup>	09 – 10 20% SAV <sup>4</sup>
<b>FA</b> = (site I)	\$ 537.30	\$ 836.00	\$ 106.63	\$ 167.20
<b>FB</b> = (site II+ & II)	\$ 426.26	\$ 662.00	\$ 84.61	\$ 132.40
<b>FC</b> = (site II- & III+)	\$ 356.99	\$ 555.00	\$ 70.69	\$ 111.00
<b>FD</b> = (site III)	\$ 303.26	\$ 473.00	\$ 60.26	\$ 94.60
<b>FE</b> = (site III- & IV+)	\$ 201.76	\$ 314.00	\$ 39.40	\$ 62.80
<b>FF</b> = (site IV & IV-)	\$ 145.64	\$ 227.00	\$ 28.96	\$ 45.40
<b>FG</b> = (site V)	\$ 60.88	\$ 97.00	\$ 11.56	\$ 19.40
<b>FX</b> = (below site V)	\$ 7.14	\$ 9.66	\$ 1.15	\$ 1.93

## Eastern Oregon

Forestland Class	Forestland		Small Tract Forestland Option	
	09 – 10 MSAV <sup>1</sup>	09 – 10 SAV <sup>2</sup>	09 – 10 20 %MSAV <sup>3</sup>	09 – 10 20% SAV <sup>4</sup>
<b>Eastern Oregon</b>	\$ 60.88	\$ 111.00	\$ 11.56	\$ 22.20

<sup>1</sup>MSAV – Maximum Specially Assessed Value (per acre)

<sup>2</sup>SAV – Specially Assessed Value (per acre)

<sup>3</sup>20% MSAV – 20% Maximum Specially Assessed Value (per acre) – For use on qualified Small Tract Forestland Option properties

<sup>4</sup>20% SAV – 20% Specially Assessed Value (per acre) – For use on qualified Small Tract Forestland Option properties

**Oregon Department of Revenue Forestland Appraisal Process**  
**For Specially Assessed Value**  
**July 1, 2009 to June 30, 2010**

Oregon Department of Revenue (DOR) has completed the analysis for the Proposed Specially Assessed Value (SAV) for Oregon forestland. The forestland valuation process (OAR 150-321.207(1)) prescribes steps to develop preliminary forestland values that utilizes forestland sales data, a forestland model, and a straight-line trend of the average annual forestland values from 1993 through the current fiscal year.

**Western Oregon**

*Forestland Sales Data.* The annual average real market value per acre is calculated from sales transactions from 1993 – 2008 (Table 2). This represents the average value per acre for western Oregon forestland sold on the open market with the primary use of growing and harvesting timber. Due to the timing of the forestland valuation process, the sales data collected by the DOR for fiscal year (FY) 2009 only includes sales for the first half of FY 2009. The partial FY 2009 data indicates an average value of \$474 per acre.

*Forestland Model.* Since the FY 2009 average forestland sales value represents only a partial year of sales, the FY 2009 average value that is used in step three, the straight-line trend, is a predicted value using a forestland model.

The forestland model calculated a FY 2009 value of \$474 per acre which is the same value derived from the partial sales data for that year. The FY 2009 value was derived by analyzing the factors that best predicted the average forestland value from 1993 to 2008. Over 35 factors associated with the harvest of timber and the forest industry were evaluated including those related directly to timber production such as log prices and harvesting costs; industry-related factors such as producer price indices for commodities and contract logging; and other financial market data such as equity and bond indices and mortgage rates.

The FY 2009 model for western Oregon that best describes the variation in the forestland sales data from 1993 to 2008 has two average predictors.

1. Moody's BAA-Rated Corporate Bond Yield.
2. Producer Price Index for all commodities.

*Trend of Average Annual Forestland Value.* In order to decrease the variation in the year-over-year forestland sales values, a straight-line trend from 1993 to 2009 (FY 2009 uses the model-predicted value) is used to establish an annual average forestland value for 2009.

The result of this process is a January 1, 2009 average forestland value of \$483 per acre. This is 5% higher than the average forestland value that was the basis of the 2008-2009 Specially Assessed Forestland Values. The final step is the transformation of the \$483 per acre value into preliminary specially assessed values (SAV) for western Oregon forestland classes FA - FX (Table 1) using the western forestland class spread.

**Eastern Oregon**

The January 1, 2009 preliminary Eastern Oregon SAV is \$111 which is an increase of 6% over the previous year's SAV. The increase is based on the rate of change in a straight-line trend of Eastern Oregon forestland sales data from 1993 to 2008. The value was derived using the same process that DOR used for the past 4 years.

## Table 2. Market Data Summary

Average Real Market Value (RMV) by Fiscal Year																				
Timberland Sales Transaction Date	Western Oregon																		Eastern Oregon	
	Forest Class FA		Forest Class FB		Forest Class FC		Forest Class FD		Forest Class FE		Forest Class FF		Forest Class FG		Forest Class FX		Average FA-FX (WAVWOR)		Average	
	Fiscal Year	Value	# Sales	Value	# Sales	Value	# Sales	Value	# Sales	Value	# Sales	Value	# Sales	Value	# Sales	Value	# Sales	Value	# Sales	Value
1993	\$ 369	0	\$ 275	12	\$ 318	5	\$ 201	4	\$ 183	0	\$ 142	0	\$ 25	0	\$ -	1	\$ 241	22	\$ 50	1
1994	\$ 426	1	\$ 310	14	\$ 302	20	\$ 196	10	\$ 146	4	\$ 158	3	\$ 25	0	\$ -	9	\$ 240	61	\$ 66	4
1995	\$ 312	2	\$ 321	7	\$ 269	11	\$ 290	2	\$ 219	0	\$ 126	3	\$ 25	1	\$ -	2	\$ 253	28	\$ 73	7
1996	\$ 455	2	\$ 396	9	\$ 381	6	\$ 369	2	\$ 292	5	\$ 189	0	\$ 25	1	\$ -	9	\$ 337	34	\$ 47	6
1997	\$ 450	1	\$ 316	5	\$ 293	5	\$ 325	2	\$ 292	3	\$ 253	2	\$ 38	0	\$ 25	2	\$ 293	20	\$ 73	5
1998	\$ 300	1	\$ 416	4	\$ 371	7	\$ 317	6	\$ 295	5	\$ 171	6	\$ 50	1	\$ -	2	\$ 324	32	\$ 83	6
1999	\$ 425	1	\$ 420	8	\$ 332	5	\$ 396	5	\$ 201	4	\$ 161	5	\$ 96	5	\$ 8	8	\$ 317	41	\$ 83	1
2000	\$ 518	6	\$ 477	15	\$ 308	13	\$ 270	20	\$ 236	10	\$ 160	13	\$ 164	3	\$ 4	12	\$ 310	92	\$ 66	8
2001	\$ 619	2	\$ 407	11	\$ 365	8	\$ 232	7	\$ 195	12	\$ 127	8	\$ 142	3	\$ -	1	\$ 299	52	\$ 132	6
2002	\$ 561	2	\$ 354	6	\$ 278	13	\$ 261	13	\$ 171	10	\$ 115	10	\$ 88	4	\$ 3	3	\$ 259	61	\$ 158	13
2003	\$ 515	2	\$ 496	6	\$ 401	9	\$ 292	3	\$ 210	4	\$ 200	1	\$ 100	1	\$ -	1	\$ 344	27	\$ 141	8
2004	\$ 576	2	\$ 535	7	\$ 414	10	\$ 295	5	\$ 267	6	\$ 253	2	\$ 115	2	\$ 4	5	\$ 372	39	\$ 141	14
2005	\$ 518	3	\$ 616	5	\$ 575	10	\$ 474	10	\$ 230	5	\$ 235	5	\$ 166	1	\$ -	4	\$ 461	43	\$ 181	5
2006	\$1,062	3	\$ 594	4	\$ 490	6	\$ 499	9	\$ 386	4	\$ 277	5	\$ 103	3	\$ 5	1	\$ 478	35	\$ 176	4
2007	\$1,064	2	\$ 727	7	\$ 514	15	\$ 497	10	\$ 262	7	\$ 250	2	\$ 113	2	\$ -	1	\$ 491	46	\$ 232	5
2008	\$ 989	3	\$ 634	4	\$ 565	18	\$ 483	2	\$ 346	4	\$ 308	1	\$ 191	2	\$ 3	0	\$ 504	36	\$ 400	1
2009	\$ 820	3	\$ 622	5	\$ 482	4	\$ 474	4	\$ 486	2	\$ 177	1	\$ 113	2	\$ -	0	\$ 474	21	\$ 172	6
Average RMV	\$ 587	36	\$ 466	130	\$ 392	165	\$ 345	114	\$ 260	85	\$ 194	67	\$ 93	31	\$ 3	62	\$ 353	690	\$ 134	100
% Sales W.OR		5.2%		18.8%		23.9%		16.5%		12.3%		9.7%		4.5%		9.0%	100%	690		
2009 Model																	\$474			
2009 Straight-line trend																	\$483		\$208	
Western Forestland Class Spread	3.2%		20.3%		30.2%		17.1%		15.1%		10.1%		3.5%		0.5%		100%			

\* WAVWOR is the acreage Weighted Average forestland value for Western Oregon