



# Oregon

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As you may know, Oregon's 2003 Legislature passed two laws (HB2197 and HB2188) bringing significant change to Oregon forestland taxation. Two forestland property tax programs have resulted:

1. FORESTLAND Program - for all owners with 2 or more acres of forestland
2. SMALL TRACT FORESTLAND (STF) Option - a special option for owners with 10-4,999 acres of forestland

Starting in 2004, all owners will have been transferred into the FORESTLAND Program. Those with less than 10 or 5,000 and more acres are required by law to remain in the FORESTLAND Program. Owners with 10-4,999 acres who decide that the new STF Option is more advantageous may apply to enroll in it. The attached comparison chart provides further details about both programs.

For this "transition" year of 2003, owners in the current small owner "20/80" Program will pay Privilege Tax on timber harvested from their land. Privilege Tax will not be required for timber harvested from all other forestlands.

Additionally, the Western Oregon Small Tract Optional Tax (WOSTOT) has been repealed. Forestland previously in WOSTOT has been automatically transferred to the FORESTLAND Program effective with the 2003-04 tax year. The Forest Products Harvest Tax remains in effect for all who harvest timber.

***Beginning in late fall 2003 and continuing into 2004, landowner notification and education will be done through a cooperative effort by the Oregon Departments of Revenue and Forestry, Oregon State University Extension Forestry, Oregon Small Woodlands Association, and Oregon's county assessors.***

## 2004 - 05 Forestland Taxation Program Comparison

	FORESTLAND PROGRAM	SMALL TRACT FORESTLAND (STF OPTION)
<b>How to get into the two forestland tax programs<sup>1</sup></b>	All land classified as either highest and best use forestland or currently qualified as designated forestland automatically goes into this program beginning July 1, 2004	Must apply to County Assessors by April 1, 2004 or April 1 of any year following
<b>Ownership size</b>	2 acres or more of forestland	10 - 4,999 acres of forestland
<b>All or partial ownership</b>	Choose by tax lot (total ownership of less than 10 acres or 5,000 or more acres automatically placed under this program with no option for small tract)	Choose by tax lot, all forestland within contiguous lots must be in same program
<b>Forestland criteria</b>	Meet stocking standards of FPA <sup>2</sup> or management plan to meet requirements	Meet stocking standards of FPA <sup>2</sup> or management plan to meet requirements
<b>Annual Property Tax</b>	Based on 100% of forestland special assessment value	Based on 20% of forestland special assessment value
<b>Severance tax at harvest</b>	No	Yes, tax rates intended to recover the unpaid property tax projected over a typical rotation length for an average productivity class  Eastern Oregon rate – \$ 3.03 per MBF (2004 rate) Western Oregon rate – \$ 3.89 per MBF (2004 rate)  These tax rates will be indexed annually at the rate that the specially assessed forestland has increased or decreased from one year to the next
<b>Change from one forestland option to another</b>	Yes – transfer to STF Option allowed	Limited movement between programs allowed. Properties under this option will remain classified under this program unless the property ownership is transferred or is no longer being used as forestland.
<b>Disqualification or removal</b>	Yes, if FPA <sup>2</sup> stocking/species requirements are not maintained, land sub-divided, land no longer used as forestland, or request of landowner.  5 years of the difference between the 100% forestland value and the real market value of the property may be charged if the property is no longer used as forestland.	Yes, if FPA <sup>2</sup> stocking/species requirements are not maintained, land sub-divided, land no longer used as forestland, or request of landowner.  5 years of the difference between the 100% forestland value and the real market value of the property may be charged if the property is no longer used as forestland.  May be subject to rollback taxes not to exceed 10 years of the difference between tax at 100% of the forestland value and 20% of the forestland value.
<b>Landowner education</b>	The Oregon Department of Revenue will join with OSU Forestry Extension, Oregon Department of Forestry, County Assessors and Oregon Small Woodlands Association to notify all forestland owners of changes in forestland tax laws and provide education about options available so taxpayers can make educated choices on these tax options. Education will take place late 2003 and early 2004.	
<b>Forest Products Harvest Tax</b>	The Forest Products Harvest Tax continues to be due anytime that timber is harvested in Oregon. There are no major changes to this program.	

<sup>1</sup> Assumes that properties are already classified as forestland. Owners of properties not currently classified as forestland must submit an Application for Designated Forestland by April 1 of each year to the county assessor if they wish to have their property considered for either of these two programs.

<sup>2</sup> Forest Practices Act