Committee for Family Forestlands  
Meeting Minutes  
February 13, 2013

Pursuant to public notice made by news release with statewide distribution, a committee meeting of the Committee for Family Forestlands [an advisory body to the Oregon Board of Forestry with authority established in Oregon Revised Statute 527.650] was held on Wednesday, February 13, 2013 at the Oregon Department of Forestry, Operations Building D, Santiam Room, Salem, Oregon.

Committee members present:

Craig Shinn, Voting  
Rick Barnes, Voting  
Susan Watkins, Voting  
Roje Gootee, Voting (on conference call)  
Mike Cloughesy, Ex-Officio  
Jim James, Ex-Officio  
Scott Gray, Voting  
Rex Storm, Ex-Officio  
Sarah Deumling, Voting  
Sara Leiman, Voting  
Peter Daugherty, Ex-Officio  
Joe Holmberg, Ex-Officio  
Lena Tucker, Secretary

Not in attendance:  
Brad Wlthrow-Robinson, Ex-Officio

ODF staff present:  
Guests:  
Travis Medema  
Gary Springer, BOF  
Cynthia Orlando  
Susan Dominique

Call to Order  
Chair Craig Shinn called the meeting to order at 9:00 a.m.

1.1 - Welcome, Introductions  
Craig asked for any additions to the published agenda. Travis Medema was present to provide an update on the Wildfire Protection Act.

(added topic) Wildfire Protection Act Update – Travis Medema

Travis expressed appreciation for the committee’s time to provide update to the issue of the Wildfire Protection Act HB 2050. Rick Barnes is a member of the WPA Coalition. Travis shared a color brochure created to communicate the 3 key challenges specifically for key legislators:

- Eastside affordability for fire protection. One million to the four eastside districts.
- Increasing the Severity Program to fund air tankers/helicopters to stop fires before they become catastrophic.
- Equitably sharing large fire costs using Oregon’s Forestland Protection Fund between landowners and the State of Oregon with percentage increases phased in over three biennia.

[Jim James] There are two potentially controversial issues. One is the $1 million going to eastside landowners where there has always been a 50/50 split. Question will come up, why the eastside? But it is logical and fair with the enormity of the eastside need compared to the Westside, but the message on this issue could get tweaked. The other issue is that The Emergency Fire Fund will come up with $3 million from private landowner’s money mostly from Westside landowners, 65% from small woodland owners out of the taxes that they pay. Those funds were used to pay the fire insurance deductible, now that use could be proactive which will save and reduce all costs over time for the rates east and Westside.
[Rick] The funding structure is incredibly complex given the dynamics of the financial contributions and needs proper interpretation.

[Craig] Suggested that the CFF should have more schooling in the message provided in the brochure, perhaps the development of a script that walks members through the brochure’s concepts so the group can aid and albeit the department's efforts

[Travis] Members are encouraged to review the brochure and give him a call if there are questions regarding the key points.

The next steps are:
1. Working towards the February 28th Hearing before the House Committee on Agriculture and Natural Resources. From now till then is an opportunity to work with key legislators.
2. Working with the State Forester and lining up folks interested in coming and having a discussion regarding the Hearing presentation. This would be an avenue for the committee to weigh in.

[Jim] OSWA and OFRI are actively engaged in lobbying legislators in favor of the bill.

[Travis] The big lift will come once out of the policy committee and referenced into the Ways and Means Committee where money gets allocated and the request would be made for General Funds.

[Rick] The department has done a lot under the surface to get bids for insurance two ways; what would the policy cost if it passes and if it doesn’t. The bill will have impacts to insurance.

[Travis] The other issue was order severity. How to implement $5 million versus $2.2 million. One task assigned by the Division Chief was to be trigger-ready if the bill passes come July 1. What would that readiness look like with the insurance policy and additional Severity funds.

[Sarah] Has there been any opposition, if so how should we respond?

[Travis] There has been one note of opposition from an AP reporter’s article to investing additional General Funds into the Protection system rather than health care and education.

3. Eastern Oregon Collaborative Pilot Project and NRCS Discussion Follow Up – Roje Gootee/Craig Shinn

[Handout: Landowner letter draft on Pilot Project]

Mike Cloughesy began this discussion by saying that we have commitments from ODF, CFF and Extension to the project proposal. The next step is to get the landowners on board and involve the NRCS. Roje will take charge of the landowner contacts. By the next meeting we need to have a project description and deliverables detailing the activities, outputs and outcomes expected as well as a set meeting date in John Day with the principle partners (George Ponte, Angie Johnson and Lena Tucker from ODF; Paul Oester and Bob Parker, Extension Foresters, Mike Cloughesy, Roje Gootee) to work on defining the project.

Roje drafted a Letter to Landowners and circulated it to CFF members and received very constructive feedback. She requested additional review at the meeting to get consensus on the language surrounding the grant proposal and dollar amounts being applied for. Craig reminded the committee that by proposing help through a grant process it is important to be sensitive to the language connotations and not to over-commit or make promises that can’t be assured. The letter should strive to excite the landowner’s interest in the larger agenda of combined forest management objectives on the Eastside. As many in the neighborhood are already familiar with the use of grant funds we need to push interest in collaboration to up the ante.
Peter agreed with Roje’s language change regarding the dollar amount requested, suggesting that perhaps this grant would be better suited for two rather than three years.

[Rex] In terms of attracting interest – use caution with using the term collaborative as the USFS has ‘claimed’ that term and it may have negative connotations with landowners.

[Peter] ODF has the authority to form cooperatives under the Woodlands Management Act, but suggests dropping the word collaborative or cooperative using “Pilot Program Supporting Forestland Owners” then once in person talk about cooperation in a positive way.

[Craig] We want to make sure that actions are taken with the landscape in mind otherwise; it will be misleading as to the purpose of the funding.

[Peter] The Pilot Project is to “work together” to do something; supporting landowners working together. [Mike] Words matter; use the right word for the right audience.

[Roje] There is a strong sentiment towards protecting property rights. The language needs to explicitly reassure landowners are not expected or asked to sacrifice their ability to make independent decisions. Roje proposed that the best course of action could be allowing the landowner group to name the project. Using the word “cooperative” may have different meaning according to the cultural groups within that neighborhood.

[Scott] Landowners are generally concerned with how often and how many agencies will want access to their land. It is important to address that concern up front.

[Craig] This is important messaging. That the regulatory regime doesn’t change. It is important to have sensitivity assuring joint actions and their affects on the landscape but allowing individuals to feel their independence in making decisions.

[Susan] Questioned the composition of the initial meetings.

Roje suggested convening one or two local meetings with key landowners, working around their availability, possibly including Angie Johnson and Bob Parker, then schedule a follow-up afterwards with agency partners.

[Craig] Reiterated that Agency personnel shouldn’t outnumber landowners at meetings.

[Mike] As a landowner the last thing they want is more government intervention, these ideas need to come from the landowners themselves.

Cynthia suggested reducing the letter size down to two pages, by reducing the examples to a bulleted list and volunteered to assist with the editing.

[Roje] Explicit discussion on the types of things that we believe could happen on the ground as a result of this project is important and a bulleted list would facilitate that.

[Craig] In an effort to condense the letter it’s important to keep the paragraph on the origins of the ideas, why here, why now.

[Roje] I hope that the paragraph explains to people outside the project why this area was chosen and potentially stirring interest in other areas.

**Action Items:**
• Lena to work with Extension folks, ODF and Roje to schedule a meeting in March including Aaron Roth and Lorraine Vogt from NRCS. (Date for partners meeting has been set for March 25th)
• Cynthia volunteered to work with Roje to develop a bulleted list of examples to reduce the letter size down to two pages to send back to Peter and Craig for final review.

[Susan] The committee wanted to round back to the Conflict of Interest issue and Susan shared what was found on Roje’s role in the project. Conflict of Interest (COI) depends upon who the grantee is; ODF will be the Grantee for this grant proposal, and State of Oregon rules would apply for this grant, not Federal COI Rules. The main action in addressing a potential or actual COI is disclosing the possible conflict up front. Roje will not be handling funds to landowners. Potential doesn’t always equate to “actual” COI. This situation shouldn’t be a problem.

[Gary] This project is something new and different for this committee, what is the current thinking on communication to the Board of Forestry?

[Craig] The State Forester has been informed but until “there is a there, there”, in other words, until there is some genuine interest from the landowners and commitment from the agencies there is nothing formal to present. It will be shared with the BOF before the July meeting in LaGrande.

5. Governor’s Task Force on O & C Lands – Peter Daugherty

Peter shared that ODF’s role was to be a funding vehicle to lead Tom Tuchmann’s (Governor’s Forest Policy Advisor) effort at an Oregon-based solution. There needed to be an instrument to pass funding through to hire a contractor and we are that instrument. From ODF Resources Planning Division, Kevin Birch is leading the task force; Chad Davis is providing policy tech support. The committee did not reach consensus but did come up with a range of alternatives. These alternatives were posted on the web.* The Governor has sent a report to the congressional delegation and asked them to work on this issue. There was some discussion of checkerboard pattern of lands constraining viable solutions and the differences in regulatory authority in meeting landscape goals.

[Craig] Was there much engagement on sufficiency of meeting landscape goals?

[Peter] The sufficiency analysis has gotten to be a few years old and will be challenged. We were asked to do an analysis of Forest Practices Act Standards and Federal Standards. There is a big difference in management under the FPA and management under the Feds. One distinction is about riparian buffers.

[Craig] The question is reallocating commercial benefits and conservation burdens that’s the Family Forest Landowners have a lot of issues to deal with.

[Jim] If there is no solution to O&C Lands, counties will suffer.

[Rex] It is my observation that the Governor sought a resolution and tabled the committee to come up with an agreement but parties are not going to agree on these issues. The Governor made a huge effort with outreach to moderate environmental groups. Public policymakers need to acknowledge the effort, there needs to be some direction where there isn’t an agreement. Someone has to make a decision to move forward.

*Action Item: Lena will provide the members with a link.

4. Legislative Updates – Peter Daugherty

[Peter] HB2051 Harvest Tax Bill is a technical bill to set the rate for the next biennium.
There are no key legislative concepts other than Wildfire and the Harvest tax that we are looking at this time. This is deliberate in the sense of rebuilding and re-evaluation of the Forest Practices Act in a stem-to-stern review before we forward any legislative concepts.

One concept that is interesting that has immersed from the Pesticide Use topic is on Integrated Pest Management, that using IPM correctly will lead to an overall decreased rate of pesticide use and therefore to better human health. If implemented, most pesticide reduction will come from agriculture not forestry, which already has cost incentives to avoid pesticide use where practicable. IPM is an incentive to minimize landowner costs by selective application. The bill is expected to be reworked.

Another concept is on creating managed forest openings as Food Plots for wildlife habitat. ODF staff believes this can be done under a plan for alternative practices under the FPA and does not require a rule change.

Peter questioned the management expectations for maximum size of openings, minimum parcel size, improved management plans and whether this would cause a change in the Revenue statute defining the exemption deferral, which is now 2 acres. There is concern that assessors might reclassify openings as non-forestland. Peter noted there is interest in active management of food plots in other states.

[Jim] OSWA is concerned with landowner rights and the loss of value when zoned as forestland.

[Peter] There is also concern when properties are taxed as forestlands but then produce no harvest. There could be changes to the Forest Practices Administrative Rule but not to the FPA. This is a Revenue statute.

[Sarah] Looking at it from the assessor’s position there could possibly be a third tax category for unmanaged timber.

[Peter] Landowners’ tax benefits derive from the “continuous growing and harvesting of trees.” No trees in an opening. Perhaps requiring a management plan to qualify for deferrals under a certain acreage size could apply. Feedback will be provided to the Representative sponsor that ODF will not take a position that FPA rules can provide for alternative management practices and it could be advisable to limit the number of food plots. ODF&W supports this dependent upon the situation. This shouldn’t be an avenue to avoid tax.

[Sara] What are the potential unintended consequences? (Overgrown plots, canopy enclosure over time) How would ODF enforce the landowner plan?

[Peter] With alternative practices the plans are audited every 5 years. Wildlife deferral is available in some counties.

Jim James presented OSWA’s legislative agenda. OSWA is tracking over 30 Legislative bills with the highest interest is in:

- Pole Building – HB2441 – looking for the same authority as agriculture for structures not residences. Hearing has been positive to date, LCDC is optimistically working on language, and the prospect is good.

- Farm Plates for forestry use – HB2442 – looking for same authority as agriculture.

- Trapping Bill – OSWA is opposed to bill prohibiting jaw traps for vermin. There may be a petition effort to force vote on trapping. Language restricts contractors though landowners could continue to trap. No exceptions for forest pests like mountain beaver. A lot of out of state money is pushing passage.
  - [Jim] If this passes it will be a huge restriction for pest management for forestland owners.

- Water Resources Bill would increase the amount of fees for annual pond safety inspections. OSWA is neutral but watching.

- Bill expanding definition of ponds to include opening stream areas. OSWA disagrees, would expand Water Resources rights.

- Wild and Scenic Rivers Bill – expands to designate certain creeks as “scenic.” Scenic waterways require a notification to State Parks, managers of the Wild and Scenic Rivers Rules, and potentially could require extra work from landowners as harvesting around creeks would then require Parks permission. OSWA opposes.
  - [Peter] The notification process would notify Parks & Recreation.
• OFIC will introduce a Fire Liability Bill relating to the California ‘Moonlight Fire’ to address Oregon landowners’ vulnerability.

[Gary] There is a bill that would eliminate the forestry exemption for liability for woody debris damage in exclusive farm use zones. Landowners could be liable if the large woody debris washes downstream and causes damage on farmland.

1. **Review and Approval of Minutes**

Minutes from the last meeting on January 16, 2013 were provided for review. Susan Watkins and Sara Leiman provided edits to original draft. The edited draft was provided for review. Susan moved that minutes be approved with changes per discussion. Sarah D. seconded the motion. All in favor, no abstentions; the minutes were approved as discussed changing the June meeting date to the 13th.

2. **Public Comment**

No public comment was offered.

Added to the agenda:

**BOF Subcommittee on Eastern Oregon Issues – Rex Storm**

This subcommittee will work on determining BOF actions/involvement on federal forest policy that affects Eastern Oregon. Members are Nils Christoffersen, Cindy Williams and Tom Insko. Rex Storm attended the first meeting on the 5th of February as a member of the public, when the subcommittee discussed goals and mission of the workgroup. They were tasked with defining a list of possible actions for the Board of Forestry to get engaged in the Federal forest policymaking. This work is different from that of the Federal Forests Land Implementation Work Group, which focuses on collaboration. The subcommittee will come up with a short list of possible actions prior to the BOF July meeting and field tour in Eastern Oregon which will focus on Federal land policy.

[Craig] Suggested we send the subcommittee the CFF White Paper to use as a starting point for their discussions.

[Mike] CFF can use the July BOF meeting as an opportunity to update the Board on our continuing Eastside work.

Rex will keep the committee posted; there may be interest in CFF interaction.

**Action Item:** *Update subcommittee with progress on Eastside Collaborative Pilot Project? (Rex?)*

7. **Ex-Officio Member Recruitment – Craig Shinn**

Craig reported that Cindy Glick, District Ranger, Sweet Home Ranger District has agreed to serve on the Committee for Family Forestlands with approval from USFS management. We are in position to appoint her to CFF as an ex-officio member in the “Public land manager” category having the State Forester’s approval. Susan Watkins moved to appoint for 2 year term, Rick Barnes seconded the Motion. All attending were in favor, none opposed, and none abstained.

[Joe] Wanted to reinforce the original nomination of Cindy as he was impressed by her ability to bring all parties together in the trenches with serious issues.

[Craig] Cindy has researched the committee work and member bios prior to our vote. Her only conflicts would be standing 2nd Wednesday commitment, only creating a scheduling conflict for her in March.

**Action Items:**

- *Susan Dominique will contact Cindy with the current Committee schedule.*
- *Lena to confirm with Cindy on the May 15th date.*
- *June 13th suggested date to coincide with the OSWA Board meeting at the Douglas County Fairgrounds in Roseburg.*
• Joe will invite Bettina Ring, President of AFF to visit with the committee during the June 13th meeting.

8. Starker Chair Update -
Craig spoke with Dean Maness and will keep in touch on the role that CFF may serve in the selection of the Starker Forest Chairmanship.

Action Item: Craig will invite Dean Maness to attend the March meeting. Susan D/Lena to check with the Dean’s staff for scheduling.

10. Historical Members Review – Craig Shinn
Craig had requested documentation of the CFF membership history for committee reference. A draft table of past membership was provided and members did an initial review and made some corrections.

Action Item: Susan Dominique will continue to investigate member status and term dates.

9. Tax Issues Affecting Family Forestlands – Craig Shinn
[Handout: Sara Leiman’s notes on tax issues]
Craig stated that forestland tax issues seem to be addressed only episodically and it may be within the scope and range of this committee to build a ground/up view of tax issues affecting family forestland owners to identify problems and policy implications.

[Sara L.] Taxation has never been a big picture topic as there are a lot of interrelated issues. It’s important to realize we create a lot of good with our tax dollars. Sara provided her notes on this subject to open the discussion. Her top questions were:

- How many and what taxes are attached to owning and managing forestland?
- What assistance can we provide to landowners on tax issues, if any?
- How do tax policies encourage or discourage good forestland management?
- How can this knowledge help the CFF in our work?
- Identify how forestland tax dollars contribute to the greater good, is it fair and equitable?

Sara provided some of the basic tax framework and her thoughts on what the committee could look at:

I. Taxes of Holding and Owning Forest Products and Land
   a. Annual Property Tax
   b. Estate Tax

II. Taxes of Selling Forest Products/Land
   a. Harvest Tax
   b. Income Tax

III. Indirect Taxes paid as a Result of Owning or Selling Forest Products/Land

Subject topics of interest for reference under these categories could cover:

- Tax history
- Determination of tax rate
- Who collects
- Tax purpose
- Due dates
- Rates
- Special treatments/programs
- Encouragement/discouragement of actions
- Sample situations
[Sarah D] Welcomed the issue out of personal interest and empathy for the other landowners dealing with this annually.

[Mike] There is generally not a lot of background information available, even from other agencies. Any information should be maintained in a sharable format as it will be valuable to landowners.

[Craig] Perhaps we could format our findings as another white paper concept to aid in policy efforts, advice and provide recommendation to the BOF, inform FFLO in a 'backgrounder.'

[Sara] We could look at tax issues affecting land designations, history is also important in creating policy.

[Susan W] Without fully understanding tax issues it is hard to advise, incentives are important as well.

[Mike] We need to look at it from the differing perspectives: Owners, Policies and Assessors.

[Craig] Most people are uninformed that Oregon’s tax structure has been built around the forest industry.

[Rick] Property, income, state taxes with Federal, and how local changes can affect Federal responsibility.

[Sara] This is such a huge issue how do we scale it to be effective?

[Craig] We need to begin our approach from conventional resources and draw others in for deeper understanding of the issues. We can borrow expertise.

[Sarah D] Extension could be a partner as a goal would be to increase educational opportunity.

[Mike] The KnowYourForest Needs Analysis found that tax issues a high priority for landowners.

Possible resources could be Norm Miller, ODF; the Dept of Revenue.

[Rick] It is important to gain some understanding, and then perhaps set up a workshop for committee members to attend possibly opening to landowners sometime after July.

[Craig] Possibly characterizing issues for FFLO like those with 10 -100 acres; under 500 acres; under 5000 acres; different geographies, mixed use lands, Eastside/Westside; farm/forest. Values change so tax implications change.

[Sarah D] We need to get better informed prior to setting up a symposium.

[Craig] We need a re-briefing on this subject to be sure we are accurate in our assumptions.

[Rick] OFRI can support the efforts with publication funds after July 1st. But as tax laws change quickly whatever we produce should take that into consideration.

[Craig] It could be a resource list providing the background and architecture of the taxes and providing resources.

[Mike] It would be good to get a panel together to assist CFF in establishing the scope and subsequent goal of the workshop.

**Action Item:** Sarah D. will talk to her county assessor about who to contact for advice.

[Craig] Other categories of individuals that could provide assistance?
- Financial planners/accountants
- Regulators/Assessors
- Timber Tax Professionals
- Extension (Norm Elwood, retired)

[Sara] It is important to know how our tax policies encourage or discourage our land management.

[Craig] We need to look at a target date for a workshop with OFRI. January seems workable. Educate ourselves as a committee, and set a purpose. Some ideas for purpose could be:
- Self-education
- Informing others
- Gaining or finding resources for Regional expertise
- Creation of a White Paper
- Providing policy recommendations
- Highlighting the contributions FFLO taxpayers have made to Oregon

We need to frame what it is we want to know and consider who to invite as a panel or single presenters to our meeting. Perhaps inviting a panel of three to the March meeting? Norm Miller, Clint Bentz, a county assessor? Norm Elwood, Dept. of Revenue representative, Dallas Boge (retired accountant) (OSWA).

We can start by identifying the general concern and our mission to represent FFLO to the Board of Forestry.

[Mike] We need to understand the tax system that family forestland owners deal with and see things from their perspective in order to represent them effectively and also educate legislators.

[Rex] The tax climate is always changing; the currently favorable tax climate is under future threat because of the fiscal dysfunction. Government insolvency issues create greater tax demand. We need to be proactive as tax rates come under threat.

[Craig] Tax incentives create opportunity. As we go forward we could also compare Oregon to other states, but Oregon is unique even as part of the CA/OR/WA.

[Sara] Forestland reclassification is currently an issue in counties.

[Mike] Who should we invite to the discussion from the Federal side? Peggy Policio, a federal tax expert?

[Craig] Action Items:
- Lena to contact Norm Miller
- Mike to contact Norm Elwood, retired Extension Specialist
- Jim to contact Dallas Boge, retired accountant, OSWA member.
- Who to contact County Assessor? (Yamhill County?) Susan or Sarah to contact.
- Peg Policio, for Federal information?
- Sarah D. to contact Clint Bentz for participation at the April or May meeting.
- Sara will head up the effort and come up with a paragraph to frame the invitations.
- April/May meetings do one-on-one with the committee, possibly Clint Bentz or Peg Policio.
- Cynthia will research other resources, including Brett Butler and Mary Sisock.

Our initial goal could be coming up with three tax policy issues for the BOF and/or creation of a CFF White Paper on Family Forestland Tax Issues. There is nothing more connected to policy than taxes. We could possibly enlist the help of a graduate student to write up the White Paper or a booklet to distribute to FFLO. This spring could be pre-work and plan in the Fall for a January Symposium.

11. March Agenda Development and Future Schedule
Agenda items for March will include:
- Panel discussion on taxation
- Dean Maness, guest and Starker Chair discussion
- Update on Eastside Pilot
- Legislative Update

April 17th:
- BOF Chair Tom Imeson
- Dr. Paige Fischer
- Eastside Pilot Project
- Clint Bentz? + another tax resource
- Peter Daugherty Tax issue discussion
- Cindy Glick Introduction

May 15th
- Tax Resource guest
- Annual Report Organization and Assignments for BOF July meeting
- Start workshop development
- Pilot Project Pre-Proposal

June 13th (Roseburg)
- Approve Pilot Project proposal

Action Item: Add “Voting” or “Ex-Officio” to minute’s attendance to visually determine if there is a proper quorum. (Susan Dominique)

Wrap Up – Chair Shinn

For the Good of the Order
Joe Holmberg reported on Oregon Tree Farm’s experiment with dues. Oregon experienced the highest positive response of four states asked to try dues implementation, but the national determined that its current dues plan would not be successful and has dropped it. The AFF Board of Trustees will meet next month.

There being no further business, the meeting was adjourned at 2:00 p.m. The next meeting is scheduled for March 13th, 2013 in the Santiam Room, Bldg D, Oregon Department of Forestry, Salem, OR.

/s/
Lena Tucker
Committee Secretary Regional Forest Practices Committee

[02/22/2013]