



"STEWARDSHIP IN FORESTRY"

Committee for Family Forestlands

Meeting Minutes

October 20, 2017



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 October 20, 2017 at the Oregon Garden Resort, Silverton, Oregon.

CFF Committee members participating:

Kyle Abraham, ODF, Deputy Chief Private Forests Division
Gilbert Shibley,, Landowner-At-Large (Voting)
S. Mark Vroman, Industry Rep. (Voting)
Julie Woodward, OFRI Ex-Officio
Sherry Fountain, USFS Ex-Officio
Bonnie Shumaker, Landowner, NW Rep. (Voting)
John Peel, Landowner, Eastern OR Rep (Voting)
Jim James, Ex-Officio OSWA

Guests:

Tamara Cushing, OSU Starker Chair
Dick Courter, Consulting Forester/SSCC member
Lynn & Steve Harrel, Washington County Tree Farmers of the Year

Members not in attendance:

Evan Barnes, Vice Chair, Landowner, SW Rep. (Voting)
Ed Weber, Chair, Professor of Public Policy at OSU, (Voting)
Evan Smith, Conservation Fund, Environmental Rep. (Voting)
Scott Hayes, Chair of OTFS, Ex-Officio
Rex Storm, AOL Ex-Officio
Janean Creighton, OSU College of Forestry Extension Ex-Officio

ODF Staff:

Lena Tucker, ODF Private Forests Division Chief
Ryan Gordon, Family Forestlands Coordinator
Susan Dominique, Committee Administrative Support

Call to Order 9:35 am

1. Welcome and Review of Agenda

The Chair of the Committee was unavailable so Kyle Abraham started the meeting off introducing Mark Vroman from Hampton as the new industry representative on the Committee and Sherry Fountain the interim USFS State & Private Forestry liaison. Roundtable introductions were done. The agenda included a Private Forests Division Update followed by updates on the After the Fire planning and a report by Ryan Gordon on the Forest Stewardship National Conference he attended in New York. Guest to the meeting, Tammy Cushing, Starker Chair at OSU followed with two topics: Forest Business/Succession and Forestland Taxes.

2. Approval of the Minutes

Minutes from the September 25th Conference Call were provided for review, but there was not a quorum to Motion for Approval. That approval will be postponed until the December meeting.

3. Public Comment

None offered.

4. Private Forests Division Update – Lena Tucker, Private Forests Division Chief (*presentation not recorded*)

Tucker reported on the Board of Forestry October Planning Retreat. Part of that agenda was planning for the next biennial budget and determining what the Operational Program’s Strategic Initiatives will be going into the future. Fire season had hampered the effort to look at coordination between Programs, but that is still to be considered an ‘Agency’ Initiative rather than siloing our efforts along budget lines. A draft of the initiatives is due back to the Board in January, with any associated legislative concepts. She then provided an overview and status of the Private Forests Initiatives for 2018-19:

- I. Supporting Sustainable Family and Community Forestry – This initiative proposes new additional capacity to meet forestry challenges across ownerships and land uses. This added capacity is to provide technical assistance to forest landowners in both rural and urban communities. The implemented priority would pursue landscape-based, issue-oriented sources of incentives and financial assistance. With the added bonus of increased boots on the ground for ODF’s coordinated firefighting militia, (as Private Forests staff with fire qualifications serve in the fire efforts every year). The Agency is looking for ways we can share resources across Divisions, diversify available funding and streamline those efforts through efficiencies, and joint training. Combining some State Forests and Private Forests training is one efficiency the Program is planning to take advantage of. The concept would be to fill the biggest need creating a greater knowledge base to bridge understanding between rural and urban areas. This cross-Division, cross boundary work is bound in part by the connectivity of fuel loading (fire risk and cause), invasive species threats, insects and disease.
- Shibley noted that family forests are important models. In Clackamas County, three of the nominees for Tree Farmer of the Year had 20 acres or less! As a case in point, Shumaker added that they themselves had started out with only 5 forested acres. Courter shared he has made an effort to convince the Tree Farm System to accept smaller acreages.
 - Woodward offered OFRI as a partner up for training and professional development through the Partnership for Forestry Education.
- II. The next Strategic Initiative is Forest Practices Effectiveness for Water Quality, Forest Roads and Landslide-Prone Areas. The availability of specialists in these critical areas are an essential part of the level of technical assistance and education we can provide especially to address issues related to water quality, forest roads and landslide prone landscapes. We are looking at geotech positions in NW and Southern Oregon and could consider sharing these positions with State Forests increasing their technical expertise in these areas.
- III. The Division’s last initiative would be setting the Forest Products Harvest Tax rate for the next biennium to support the administration of the FPA, education at OSU College of Forestry and continuing education in forestry there. This tax revenue is combined with public funds under the concept of shared responsibility for FPA enforcement and services on private land for public benefits.

One Legislative concept being worked on is finding ways to incentivize Voluntary Measures and re-evaluate the limitations there are on Stewardship Agreements. Flexibility is required in Agreements and Regulatory Certainty is key, especially in landscape-level treatments. Currently, DOJ is reviewing the use of regulatory certainty, but there have to be rules in place regulating something to provide that certainty from, so that the landowner who agrees to go above and beyond the FPA requirements will have the incentive to do so by providing them the certainty that the restrictions won’t increase over time.

Tucker went on to share the Fire Protection Division focus for the next biennium. One initiative they are looking at is for maintaining a Sustainable Fire Organization. Currently, it is not sustainable without a considerable pull from other programs. The use of staff capacity from other Divisions leaves other Agency business months behind.

- Members had concerns that their technical assistance needs aren’t being met in fire season leaving a few months for production, especially as contractors are also working fire.

Tucker shared that there is continuing review of the large fire funding structure, and developing recommendations for increasing capacity in training, prevention, aviation and Type II Initial Attack Crews and recruitment for a Fire Business Coordinator. They are also focusing on adding to the Severity Program Resources, East Side Rate Relief, Detection Cameras and Fire Aviation Technology investments to provide timely and accurate perimeter mapping of fires to aid operational decision-making.

State Forests focus is on Long Term Sustainability for Managing State Forests to achieve the greatest permanent value over time to provide the range of public benefits. This requires financial viability, a sustainable workforce and management strategies to ensure those benefits. To address financial viability one component is developing an Improved Business Model, re-evaluation of the NWFMP which was intended to be coupled with a Habitat Conservation Plans for operational certainty. They also are focusing on Business Improvements and challenges brought by increased public demands. But this takes time to complete. And ongoing Management of Threatened and Endangered Species, with our current ‘take avoidance’ approach requires significant funding as we are continuously managing conflicts.

Tucker offered to bring members back an update at the December meeting on these concepts so CFF may present comment at the January Board meeting. She also reported that the Federal Forests Restoration Program has been funded. The key points of that program are along the lines of landscape-level treatments, not just the Federal lands, but the private land adjoining it. Mitigation, thinning, fuels reduction, which are all part of that early fire prevention program. With the authorities we have now we can go in and help get that done.

As a side note she acknowledged that this is the year for planning. ‘Where do we go next?’ The Agency can’t keep doing our business the way we’ve been doing. It’s breaking our people. After our foresters have been on the fire lines they come back to backlogged landowner requests for assistance, as well as trying to help those fire affected landowners figure out salvage logging, seed and seedlings for reforestation.

- Peel asked about ODF’s internal concern or response regarding external editorials pointing out confusion over fire suppression policies between agencies.

Tucker responded that USFS and the State of Oregon have different missions regarding fire. ODF is the private forest landowner’s fire department, paid to keep your private lands from burning up. ‘Let it burn’ is not an option for us. Where we have seen conflict between State and Federal missions this summer, is the Forest Service has different goals and objectives depending on the type of land they are managing. Conflict that arises when the Forest Service uses fire as a tool. Lightning fires are a tool especially in Wilderness areas but the intensity of those fires sometimes can cause a risk to the adjoining private lands where we have to get involved. That’s where heads start knocking because the original objective does not match with our objective. So, we are seeing that larger and broader policy question play out during these conflagrations.

- Courter reported conversation with some legislators in Washington, D.C. on this very subject last week. He suggested trying to encourage the Forest Service to do more harvesting and manage the forests properly to fight the fire intensity. That would provide income to supply the dollars for suppression. We need to be talking that language as much as we can.
- Fountain, USFS liaison added that they have a new Chief of the Forest Service, Tony Tooke. The Forest Service has been litigated against from environmentalists claiming that we are not managing the land the way we need to. That continuous litigation holds management efforts up in court. USFS wants to manage the land properly so that it is not only beneficial for the Forest Service but adjacent landowners. USFS is now working with adjacent landowners, NRCS, the State, and other agencies to see if we can partner up and do this unified forest firefighting mission. The Forest Service understands that all these lands are intertwined, connected and if fire happens here then the landslides, and all of those things are going to happen there. She said it was refreshing to see that other people recognize our struggles and are helping to resolve these issues. Maybe people will start listening and doing more on that.

Tucker acknowledged that the Forest Service is our partner and we value that partnership. It’s the policy, not the people. It’s the conflicting policy and the challenges the Forest Service has navigating their policy and actually implementing it. How do we affect changes in culture and thought process? The Board of Forestry will be having that discussion about fire policy overall. Doug Grafe and Jim Pena are going to meet. The Legislature is going to have a Wildfire Caucus. Those details are still unfolding about the Board’s involvement in that discussion. But she reminded

members of the number of agenda topics that addressed working across ownerships, landscapes, using all the different authorities available. All the different funding pots can be sown all together. We can affect change on a landscape level. And it's happening down in Klamath right now.

5. After the Fire Planning – Post-Fire Restoration Work – Ryan Gordon, ODF Family Forestland Coordinator (*presentation not recorded.*)

This was a challenging fire season for everyone. While most of the fire burned on federal land, there were impacts to both industrial and nonindustrial private forestlands. ODF personnel helped staff branches on many Federal fires this season. The largest impacts on NIPF landowners were from the Chetco Bar Fire outside Brookings; the Horse Prairie Fire; and the Eagle Creek Fire. The Emergency Forest Restoration Program (EFRP) will be the primary financial resource for restoration of *lightning-caused* fires. Human caused events are *not* eligible, so there will be issues with Eagle Creek and Horse Prairie. Chetco Bar was lightning-caused. EFRP is the best source of assistance for longer term restoration, though NRCS does have resources for immediate assistance with soil stabilization and re-seeding. There will be a lot of competition for funding after all the natural disasters nationally this year. Gordon reported a landowner event in Brookings coming up sponsored by OSU Extension, ODF, CFPA and NRCS.

As part of the After the Fire efforts, the topic of seedling availability will be an issue again. For some seed zones it may be a two to three year process, in areas like the South Coast it may be three to four years. The Department is working with its partners and evaluating internal resources to help meet demands for NIPF landowners. Don Kaczmarek, Geneticist at J.E. Schroeder Seed Orchard, is available to help identify seed sources.

In other updates, ODF has secured a new agreement with NRCS at the \$1 million level for ODF Technical Assistance which will provide a more stable and dedicated source of funding. The American Forest Foundation is working hard on an agreement with NRCS to pilot efforts in increasing pace and scale of restoration on private lands within prioritized watersheds in Oregon and Colorado. Wildfire is a huge concern. The first step is to identify what is out there in terms of inventory through outreach then determining the landscape needs. AFF will be working with other partners in the outreach effort. Some landscapes under consideration or planning efforts are Mid-Columbia, Rogue Valley, and NE Oregon.

6. The Forest Stewardship National Conference – Ryan Gordon (*presentation not recorded*)

Gordon then reported on the National Forest Stewardship meeting he attended in Saratoga Springs, N.Y. There were plenty of opportunities for conversation, updates and a field tour on the second day focusing on Community Forest Projects, Forest Legacy Projects and the use of Conservation Easements being worked collaboratively. It was an opportunity to see the New York hardwood forests. The last day was a wrap up and specific regional meetings. He shared that it was great to see how other states organize their efforts and what differences there were. Some States lack any kind of Forest Practice Act; some had dedicated State funding; some a lack or presence of Forestry Extension Programs. All seemed to share similar struggles with resources; frustrations on working with NRCS; different NRCS business models. They stressed that support of the Farm Bill was vital. And with dwindling Program funds, NRCS should be invited to these National meetings. He gave members an idea of the budget cuts. From 2008 to 2013 the Program funds were approximately \$30 million. 2014 – 2017 funds were cut down to about \$24 million. And for the 2017 to 2020 there was some 'no year' monies unspent that softened the blow for now, but the next fiscal year that will be gone. And they are projecting \$19.5 million or less. So they are clearly looking at a transition in State and Private Forestry and trying to plan internal and external communications to promote its value to Congress and advocate restoring funds for Stewardship. Gordon has volunteered to serve on a communications committee and represent the Western States.

7. Forest Business/Succession – Tammy Cushing, OSU Starker Chair (*presentation not recorded*)

Cushing reviewed what family forestland studies have told them regarding the average age of forestland owners, (trending older). And a trend of smaller tracts maintained as forestland as well as parcelization. Generational transfers have produced more landowners with families splitting off parcels, or being equal owners. Land values have at least tripled between the Baby Boomers and Millennial generations. So with that environment in mind, she presented what the concerns are during intergenerational transfers of forestland:

- Money (Assets/Taxes)
- Setting assets aside for future need (Medical, Spec., Educational needs)
- Lack of skills (Will they know what to do?)
- Estate Taxes are sometimes a concern
- Developing relationships (How to work together. Business continuity within families.)
- Relinquishing control (When do you let go?)
- Generational differences (Talk about how we talk to one another. Social media and communication preferences.)
- Lack of connection, location differences

So landowners need to create opportunities to develop family relationships. No heirs, or not 'viable' heirs? Where does the property go? Everyone has busy lives and little unstructured time. It's not a 'fun' issue for either party so expect there to be an element of denial involved.

What are things that are holding them back from planning?

- Will is already in place.
- Don't get along with heirs.
- Too expensive to plan.
- Laws keep changing.
- Too young to worry about it.
- Don't know where to start. (Take any step.)
- It's difficult to meet.
- There is a lack of professionals.
- It's too much work.

So, in addressing these barriers OSU has created a program called Ties To The Land <http://tiestotheand.org/> from the OSU Austin Family Business Program which focuses on succession planning, the human side of estate planning. Workshops are available to strategize maintaining family ties to the land from one generation to the next; building awareness of the key challenges facing family businesses; and motivating families to address the challenges. Those workshops are a facilitated and interactive workshop with DVD-based components that provides effective tools families can use to decide the future of their land. Similarly, AFF has a 12 month webinar series 2016 -2017 to provide information on valuing assets, having family meetings and other succession planning help which is available on MyLandPlan <https://mylandplan.org/> Another resource is to talk to timber service providers and foresters.

- Shumaker noted as laws do keep changing, at some point maybe land use laws will as well. She expressed that allowing multiple generations to live on the land would be the best way to keep them involved in maintaining the forests. Cushing agreed but noted it isn't always about keeping it in the family.
- Shibley agreed and suggested that it might be more important to have the land go to those who will keep the trust and continue to manage as working lands.
- James offered that there is also the Natural Resource Tax Credit that can be applied for if you agree to maintain that resource for 10 years.

Cushing continued that there are other ways of preserving land, trusts, LLCs to maintain value outside the estate, but those options would require an attorney. Abraham noted that there may be gaps for the Committee to address on this topic.

8. Forest Taxes – Tammy Cushing, OSU Starker Chair

Cushing reported as background on this topic that the National Woodland Owners Association do a top ten issues for family forestland owners every year. And every year, taxes are either the number one or number two concern. Every year! The tax that people most often are concerned about is Property Tax. As it has no matching of revenue to expense. We have to pay this tax but have no income to offset it. It is a perennial issue everywhere in this country. In Oregon, if you have forestland and the highest and best use is forestland, then you are probably in that program or if

that land is being managed as forestland, you could ask the County to re-designate it under the **Forestland Program** where you still pay 100% but it is based on a Forestry-use value.

Small Tract Option is a Program that goes with forestland designation if qualified. There are some limitations on sizes, it's what people are calling that 'deferral program' where they pay 20% of the taxes each year with the intention, that when harvested it will trigger the Severance Tax. And so, when you are making that decision on which program you want to be in, and it *is* a decision, it's based on when you are going to harvest. If harvest is in the far future then that 20% annually makes sense, but if the plan is to harvest quickly there will be the Severance Tax and penalties.

Gordon stated that one of the challenges with these programs, is that they are administered differently in every county. Fortunately the Oregon Assoc. of County Tax Assessors requested FPA training for their assessors as they recognized the need for more detailed understanding of forestry as an industry and the basic tenants of the Forest Practices Rules. Julie Woodward, OFRI and Paul Clements, ODF are working together on that requested training. A property's highest and best use determination is done county by county using beginning values given to them by the State. There are tables based on site productivity mapped out. There was a question regarding the Wildlife Habitat Program and whether it still exists or is being used. Cushing knows it exists as well as a Farmland/Woodlot category. She noted that Oregon has a more complex Property Tax system than other states and having Oregon's values and sideboards do take away from some of the inconsistencies between Counties.

- Courter emphasized that what a lot of people don't understand, especially those who aren't forestland owners, is that this taxing structure especially the Small Tract Option was set up years ago in order to encourage landowners to manage their properties properly.
- A question came up about issues of designation in the riparian areas with the new rules. Cushing advised that the riparian issue is something for members to keep eyes on in regards to how assessors are handling that. But the fact that some riparian areas are not being managed for timber is the part that is of concern to her. Even if the law says you can't. There are going to be assessors that are going to push that boundary. Cushing reminded members that *all* acres have assessed values and we are talking about property tax assessment not income generation. Everyone must pay the Harvest Tax which kicks in after the first 25,000 bf and the Harvest tax is not a Property Tax.

Federal Tax Forestry Provisions - There are some very specific Forestry provisions in the Federal Income Tax Code one is dealing with **Cost-share** money. When you do an operation some incentive programs may give you partial reimbursement. There is a provision in the Federal Income Tax Code that allows you to exclude all or part of cost-share dollars. There is a formula that helps you determine what amount you are able to exclude. That is available for forest and ag landowners, anybody that gets those annual cost-share dollars. It is only for those programs that start at the Federal level though, even if administered through a State level program. If there is a cost-share program that was started at the State level, they would have to get it approved through the Dept. of Treasury federally. There is no master list of the programs. Cushing continued that cost-share has to be used for a conservation related purpose. It would be good to find out which programs qualify and which ones don't. The guidance in the Revenue Code is that they are conservation-related programs where you couldn't deduct the expense anyway.

- Gordon offered that he wasn't aware of any State dollars providing cost-share for any forestry-related activities outside of the Forest Resource Trust. Everything has its source at a Federal level in Oregon.

Capital Gains - The tax code allows landowners to treat timber income as Capital Gains provided it meets some rules. Where it gets sticky for some people in this conversation is dependant on who is cutting it, and who actually owns it. She advised that if landowners cut their own timber they need to fill out a 631(a) transaction. Which is a specific income treatment transaction. A typical capital gains transaction happens because if the landowner is cutting the timber, they are selling the 'factory'. Capital gains treatment is for selling capital or an income producing asset. When it's attached to the stump it is still producing, still a capital asset. The minute it's on the ground it's a product.

So when the landowner severs the capital asset himself, then he is selling a product, no longer an asset. So the tax code, allows part of the transaction to be treated as capital gains, and the sale of the logs to the mill is ordinary income because you are selling inventory. They allow you to break the transaction into two pieces by submitting form 631(a). Your Basis or beginning value is what it was purchased for. The problem is also that its something the accountants may or may not be familiar with and they may do one of two things, treat it all as capital gains or all ordinary income, which is the worst thing you could do, because if you think about it, the rate differential is huge. You are talking about the difference in paying 20% and 35% tax rate on the sale. Not to mention the fact that your self-employment tax will also kick in if you do it as ordinary income.

Reforestation -There is also an incentive in the code that covers reforestation whether you are actually putting the trees in the ground or you are doing natural regeneration and doing all the site prep. All those expenses normally would have been capitalized. But this **Reforestation Incentive** allows you to take those expenses off right away. So you can take up to \$10,000 off in the year you do the planting and then you write off over the next seven tax years the rest of those reforestation-related expenses. By year 8 there is no reforestation related expenses left in your books. But that also means when you have that harvest at age 20, 25 there is no basis to offset the gain. She advised that as an economist she would have taken the tax savings I got at year zero through 7 put it somewhere else, and let it gain money in the meantime. So you want to recover that money as soon as you can. Any big capital expenses, can't just be expensed off. Roads, things like that have to be depreciated over time or held in a capital account. Trees, because they are the 'factory' are capital and have to be capitalized as well *unless* you write them off through that provision. If you can justify maintenance is necessary there is usually a way to deduct it. Fertilizer, herbicide treatments those kinds of things are written off.

Casualty provisions - Cushing clarified that for tax purposes a Casualty has to be sudden, the tree has to die suddenly. For example trees dying in drought is not a casualty. It has to be a sudden, unexpected and unusual. It can't happen every year. So part of that is you have to be able to prove, be able to show a specific event. Insect damage is not a quick death. Tornados snap trees, ice storms bend trees over and cause substantial reductions in value. Those are those sudden, unexpected and unusual things. Casualty loss is the lower of the decline in fair market value or your basis and 9 times out of 10, your basis is the lower number. Wildfire *would* be a sudden, unexpected and unusual in a particular location. It happens but not necessarily on that property. It's unpredictable where that loss is going to be. That's how you can say things like that are meeting that unexpected criteria. Wildfires definitely qualify for that. Then with reforestation incentives you could be compensated through EFRP for cost-share to mitigate the loss and reforestation costs. But not be compensated for the lost value. And so they can look at that loss of fair market value what it was before and what it is now, if it is being salvaged, let's say its charred and a lower product but it's still can be sold then that is just a decrease in value and it's still the lower of that or basis. You have to have a basis values which should be a number on the timber and a number on the land. It's very difficult to create those numbers after the fact. And the accountant may or may not understand that that needed to happen. Landowner without that basis value are probably going to have to hire a consultant to help them back up into that. But if they want to do it themselves, there are places where they can find growth rates and where they can find dollars, what the prices might have been when they got it.

Recordkeeping is another big problem. Sometimes landowners don't know the kinds of records to keep. A shoebox full of documents is great as long as it is all in there. She advised scanning in all receipts as heat sensitive paper will fade out in about 6 months. You need to have everything back at least 3 years. They can go back to 6 years with no reason. And they can go as far back as they want if they suspect fraud. She further emphasized keeping records of all time and activities related to the forestland. And avoidance of any emphasis on leisure aspects of owning forestland. If you buy property have a timber cruise and establish starting value and year before harvest value to determine capital gain.

She provided a list of organizations working on forestland tax issues.

- **American Forest Foundation** – (AFF) they are constantly pushing at the Federal level for those taxpayer provisions to stay in place. They also work on the education front. And meet with legislators and they try to push for some of these issues on your behalf.

- **Forest Landowners Association (FLA)** –Some of their objectives are a little bit different, you see a rub between these two sometimes in how aggressive one is over another. Specifically, we talk about the Estate Tax. FLA has been all about elimination of the Estate Tax. AFF has been a little bit less aggressive on that and their thought has been more about trying to keep the provisions in there that help forest landowners and trying to advocate for that.
- **National Woodland Owner’s Association (NWOA)** –They are also all about making sure that those provisions stay in place for family forest owners.
- The **Society of American Foresters (SAF)** - A professional organization that is about protecting forestland and keeping it operational for forestland owners. They are active on the hill talking to the people in the ears of the Senators and the Representatives to provide them good information. They are trying to educate.
- **Oregon Small Woodlands Association (OSWA)** and the **Oregon Tree Farm System (OTFS)** – they are active on the State level with some of this. They also participate in some of that National level stuff with Tree Farm.
- And then the **Forest Service** has a National Timber Tax Specialist who puts out some publications on tax tips for forestland owners every year.
- **Extension Offices** across the country try to do some tax stuff but seldom have staff dedicated to that. All their effort is based on education, not to lobby or advocate, but trying to make sure everybody is knowledgeable.

She thought the biggest opportunity for members is in addressing education around tax policies and the forest industry. The issue really had to go beyond just landowner education. It was opening the doors educating the people that fill out your tax returns. Same with the lawyers and financial planners. And the more foresters that are at least baseline knowledgeable, that can guide landowners regarding incentives giving them the tools to understand what is available. There is also a need to do a better job educating policymakers, trying to help them understand what these provisions are and what they mean to forestland owner. Education is one of the biggest opportunities we have with this at the Federal level.

Gordon closed out the discussion posing the suggestions that this topic has come up a number of times with all of you. And he thought there would be some value in trying to narrow down and focus on a couple of opportunities to make some meaningful progress.

- Tucker suggested that the Committee had spent a year on taxes and did a Forest Tax Symposium and there is a summary of the Symposium that OFRI did for us. Perhaps new members could acquaint themselves with what former members previously did rather than trying to recreate what was already done. That might also help members to focus in on some specific direction.

Cushing shared that Extension has put together a series of guides on how to find the right preparer. So there was a new guide published last week, the **Questions to Ask When Choosing a Tax Preparer**. She also provided the titles of available Symposium topics that were recorded and available online. Income Tax, Estate Planning, Property Tax, Conservation Easements, Finding the Right Professional, Top Ten Tax Tips.

Gordon wanted to include in the discussion that Scott Hayes inquired about tax policy in Eastern Oregon. It had been suggested that taxes in eastern Oregon ought to be different than western Oregon because of the value of the land, specifically in determining the Harvest Tax, to increase the eastside landowner’s ability to have an economically viable harvest.

Tucker noted that the danger of opening up policy is you never know what direction it may take, regardless of your objective. And she asked the members to consider what type of product or idea they want to have when they are done, and what they expect of the Board, OSWA or Tree Farm. Letting ODF know where you are headed will put staff in a better position to get resources together for your review. James said if the group was looking legislatively OSWA would be a tool to use. Gordon suggested that members newer to the topic should take an opportunity to look at the videos on line of the Symposium and the final report put together by OFRI and then and discuss a potential problem statement at future meetings.

- Member suggested looking at the current work plan and seeing how many points the tax issue relates to. Our goal should be to convince others to keep families in working forestlands. The tax policies are key to keeping land productive so how can CFF tie those together?

Harrel: Voiced his opinion as forestland owner and guest to the meeting that forests are the main reason why we have clean water in this State and any State. He felt that tax laws need to be changed so that a forest owner is being paid for the water that runs through that property. These tax laws, and this is something that this group or like kind with the associations need to start building reasons why agriculture and forest land shall not become blackberry patches and sit there for 10 to 20 years without a productive crop. He had grown up in this State and watched land use deteriorate for working lands and get taken up into urban growth boundaries. Even small landowners can manage lands to be productive land and protect resources.

- Further discussion brought up the issue that the public might argue that the Special Tax Assessments on forestland *is* the compensation that landowners get for all the ecological values that are associated with the forestland. Others agreed, noting forestry is not generally thought of as an industry. Some have heard remarks about forestland being undertaxed. James shared that there was a bill in the last legislative session to do away with all special tax assessments, but through persistent attention by the ag and forest community they convinced representatives it was a non-starter. Back when ag and forestland zoning was determined under Land Use Laws, the provision went that there would be a special tax structure for resource lands. That was part of the deal.

Abraham suggested that there is probably a larger potential for success in looking for incentives for family forestland owners to provide ecosystem services maintain all the functions and values that that provides.

- Courter reflected the conversations over the years on ecosystem services and concluded that there wasn't a way to get the issue to the surface. Every single person, *has* to be hit some way on ecosystem services to make it meaningful to them. Vroman suggested those values be monetized. The Northwest Forest Plan has all of those amenities in it, fish and wildlife and all those things. But all those that use those resources currently aren't paying for them.
- James recollected that he had a conversation with Marvin Brown in 2010 they had a group trying to figure out how to fund the Department. A concept suggested was that everybody has to pay a Water Tax. You could easily draw the connection to clean water and forests. It was getting a lot of momentum but had some push back from Water Districts and it was dropped. So paying a Water Tax would help pay for the clean water they are getting by helping forestland owners.

Gordon suggested that maintaining working landscapes is the lens and focus for this committee. He offered that we are not alone in that, the ag community is having many of the same conversations and discussions as well and maybe something to learn from that. The desire is that this Committee could have more impact and to bring some more value to the BOF discussions. There was some concern voiced about staying in resonance with the Board's work plan and Abraham tied that idea to the report they just gave on the Department's Strategic Initiatives.

Tucker reminded members that as the Board is reviewing, shaping and moving forward on not only the Strategic Initiatives we are thinking of as an Agency, but the Board of Forestry's Work Plan. She would provide the Board's Work Plan to the CFF probably your January meeting. There are some tough issues coming before the Board with discussions about Riparian Protections in Eastern Oregon/Siskiyou Regions; Specified Resource Sites; Marbled Murrelet Protections; things like that, so part of the staff's role is to bring you those discussions that are leading up to decisions for the Board so that CFF can be engaged and also provide insight and input to the Board. Food Plots though, this is legislation and it says that the Board shall make rules. She announced that the CFF will need to be the Advisory Committee as we walk through that Rule process.

[The next meeting is on December 4th. Susan will send out the invite.]

10. December meeting Planning/Topics – Group discussion

Abraham shared agenda topics they are planning for in December:

- More on the Strategic Initiatives.
- A complete fire season wrap-up.
- Discussion about Smoke Management and our ongoing conversations with the EQC on Smoke Management policy and the Division on their Smoke Management Plan.
- After the Fire update.
- Possibly more info on the AFF Initiative.
- Food Plots
- Continued discussion on the Committee's focus.

Abraham closed the meeting at 2:30 pm.