



Private Forest Accord Updates: Small Forestland Owners

Summary

The Private Forest Accord recognizes that small forestland owners (SFOs) are inherently different from industrial landowners in their capabilities, property locations, and size. SFOs value and manage their properties for a variety of benefits, including but not limited to timber production.

The defining criteria of an SFO are provided in statute and in the new FPA rules as follows:

- Owns wholly or in part less than 5,000 acres of forestland in Oregon;
- Has harvested no more than an average of 2 million board feet of timber per year for the past 3 years; and
- Does not expect to harvest more than an average of 2 million board feet per year over the next 10 years.

When submitting a Notification of Operation, landowners may self-certify that they meet the above criteria.

Assistance for SFOs

Senate Bill 1501 directed ODF to establish a Small Forestland Owner Assistance Office to aid small forestland owners in understanding and following forest practices regulations. The SFO Office provides technical assistance, supporting services, and administration of incentive programs, including two new incentives: the Small Forestland Investment in Stream Habitat (SFISH) Program and the Forest Conservation Tax Credit.

Small Forestland Investment in Stream Habitat

This program is managed by the SFO Office in consultation with Oregon Department of Fish and Wildlife. The program prioritizes high value conservation sites, including areas of chronic

sedimentation, fish passage blockages, stream diversions, and perched fill.

The program provides the financial means via grants for road improvement projects for the greatest species and natural resource benefit. An SFO applies for state funds to complete voluntary projects through the SFISH program for road repairs to meet the new forest road standards in Forest Practices Act rules.

Forest Conservation Tax Credit

This is a tax credit program to financially incentivize SFOs to adopt the standard practice harvest boundary over the SFO minimum option when conducting a timber harvest. The tax credit amount is for the stumpage value of the forest conservation area—the strip of forestland between the standard practice and minimum option harvest boundaries.

The forest conservation area is filed as a deed restriction at the county office by the SFO. Once filed and a tax credit has been issued, the current SFO and any future owners are restricted from harvesting in the forest conservation area for a 50-year period.

The tax credit can be used to manage your personal or corporate income or corporate excise tax liability. The tax credit may be used as one lump sum, spread out over many consecutive or non-consecutive tax years, or held for use in any future tax year.

The tax credit may be passed to others in the event of an SFO's death. If the forestland is sold, the tax credit remains with the original landowner and cannot be transferred. The new owner must follow the harvest restriction or work with the Department of Revenue to address repayment.

