

How are forestlands and timber taxed in Oregon?

Owners of large forest tracts are not exempt from timber harvest tax.

- Timber harvested in Oregon is subject to a Forest Products Harvest Tax, in place since 1947, that is based on the volume of timber harvested.
- This tax applies whether the land where the timber is harvested is public or private. An exception may apply to timber harvested from tribal land or lands held in trust for the benefit of a tribe.
- The money raised pays for various functions, including the Oregon Department of Forestry's administration and enforcement of forest protection laws, wildfire protection, and forestry research and education activities.
- The harvest tax is not a revenue source for counties, local governments or the Common School Fund.
- Rates are set by law, and through the legislature's budgeting process.
- A taxpayer's first 25,000 board feet of harvest is exempt from the Forest Products Harvest Tax.

All private forestland is subject to annual property taxation.

- Private forest landowners pay an annual property tax, based on an assessed value per acre of the forestland. These revenues go to counties and other local taxing districts.

Over time the legislature has chosen different methods for taxing forest lands and timber.

- Prior to the current Forestland Program, timber owners paid a severance tax (called a "privilege tax" at the time) that provided funds to local government. This tax, based on the value of the timber harvested, was in addition to the Forest Products Harvest Tax.
- Forestland owners also paid an annual property tax based on a reduced percentage of the assessed value.
- In 1999, the legislature enacted the current Forestland Program, concluding that a property tax, rather than a severance tax, was a fairer taxing method. By 2003, for owners in the 5,000-acre or more program, the severance tax was phased out and property tax rates were phased in to 100% of the forestland assessed value. The same transition was completed by 2004 for owners not opting into the larger acre program.
- In some years, this may result in less revenue for local government than the severance tax would have produced, depending on changes in the value of forestland and timber.

These tax changes are independent from management of the Elliott State Forest.

- While tax policies have changed over the years, the mandate to manage the Elliott sustainably to provide reliable revenue to the Common School Fund has remained in place.

- Revenue collected from the *sale* of the timber goes to the Common School Fund. Revenue from the *harvest tax paid on the timber* goes for the uses described above.

To learn more.

- For details about taxation of forestland, please see <http://www.oregon.gov/DOR/TIMBER/index.shtml>.