



Joelle Gore, Acting Chief  
Coastal Programs Division (N/ORM3)  
Office of Ocean Service, NOAA  
1305 East-West Highway,  
Silver Spring, Maryland 20910  
March 20, 2014

Dear Ms. Gore:

Speaking for my compatriots on the Board of Directors and for the entire diverse and active membership of ( ), I wish to convey, however reluctantly, our support for and understanding of, EPA/NOAA's Proposed Disapproval of Oregon's Coastal Nonpoint Pollution Control Program under CZRA. I and my fellow board members are volunteers, here in the self-styled "timber capitol of the nation." We and our membership have struggled, since 1994, to protect the remaining in-tact portions of the Umpqua, Coquille and related watersheds from the ongoing and ever-worsening effects of clear cut logging, as practiced under the auspices of the long outdated Oregon Forest Practices Act (OFPA).

Here, in South West Oregon, the ecological function of the Oregon Coast Range and Cascade Range Foothills has been and continues to be severely degraded by the harvest activities associated with industrial, clear-cut logging. In the rugged high ground just west of my home, in Camas Valley, the prospect is both dismaying and dispiriting. Look in any direction and clear-cuts abound. (Up to 120 acres are allowed by the OFPA!)

Only remnants of the ancient, old growth, mixed canopy forests that once graced these mountains in such abundance can now be seen; for the most part, as isolated islands, one here, one way across that draw, another miles distant. The intervening view is one of shocking destruction. Vast areas reduced to "red clay and stumps." Still others, soaked multiple times, by helicopter, with such dangerous herbicides as atrazine and 2 4 D (and sometimes in combination with two or three other herbicides and their propellants), appear as sterile monoculture fiber farm plantations, whose environmental contribution is minimal to nonexistent. These harvests are conducted on a relatively short rotation basis (35 to 50 years), so that the forest is never let to regrow to its former high-functioning, mature and late seral condition. Add to this ongoing insult to water quality from private industrial forest holdings (very nearly one half of the forested landscape in Western Oregon) renewed threats to Federal forest ownerships (BLM/USFS) from ill-considered legislative proposals issuing from the United States Congress. Such House and Senate legislative proposals clamor for great increases in harvests on federal lands, including by variants of the clear cut method.

Last week, I fired up my old motorcycle and rode up on the ridge to our west to inspect a road failure in nearby Coos County. The main system road up there, Weaver Road, is now barricaded. I parked and hiked a half mile, following the pavement through reforested slopes when, rounding a bend, I entered one of the ugliest clear cuts I have ever had the misfortune to gaze upon. Joelle, the down hill shoulder of this mid-slope sited road had broken away in several locations, due to fill slope failure. Mud and debris flows, some recent, were much in evidence, their effect on the watershed some two or three hundred feet below, clearly discernible. This phenomenon, obviously the result of heavy rain fall on deforested and very steep slopes, has repeated itself with regularity over the years I have been roaming

these hills. It is a disgrace and impacts directly on water quality, all the way to the not so distant Pacific Ocean. Caused, in my studied opinion, by a legal if ill considered private clear cut harvest, the cost of this road repair and its concomitant environmental mitigation will be borne by the taxpayers of the United States. (Coos Bay District BLM, through the FHA, will be responsible for all repairs, etc.)

Various Oregon agencies, it should be noted, including DEQ, Oregon Department of Forestry(ODF), et al. are notoriously underfunded and understaffed. In my considered opinion, rather than an absolute paucity of funds, this condition reflects a lack of political will and undue corporate influence on policy. You see Joelle, starting in about the late 1990's, the Oregon Legislature, in company with our then and current Governor, John Kitzhaber, passed and signed into law a great reduction in the harvest tax revenues paid by large (over 5000 acres) private timber land owners. Severance (or stumpage) tax revenues from these lands to the state plummeted from about thirty-five million dollars per year in 2000 down to nearly zero today. This important revenue stream was replaced with an inadequate property tax on private timber land that yields less than four million dollars per year. This data comes from the Oregon Department of Revenue. Data from the Oregon Department of Forestry shows that if Oregon imposed the same timber harvest taxes as does the State of Washington, revenue to the state from private industrial timber holdings would have amounted to some forty million dollars in 2011 alone! Another tax, the Forest Products Harvest Tax (FPHT) is imposed upon all ownerships, including Federal, at a rate that varies from about \$3.85 to \$4.25 per thousand board feet harvested. That money goes to partially fund various forest related activities, but not to DEQ, EPA or to county budgets. Maddeningly, some seven to eight hundred thousand dollars of this tax money has gone, recently, to fund disingenuous and down right false advertisements, broadcast in key state television markets, which make shameless, implied claims that clear cut logging, as currently practiced, is nothing but beneficial to clear, clean water, abundant salmon runs, etc! This is nothing but shameless public relations propaganda for the timber industry, tax funded.

I serve on the Roseburg District BLM Resource Advisory Committee (RAC), charged with dispensing Title II monies derived from the so-called "safety net" funds put in place by Senator Ron Wyden, et al. as a substitute for reduced timber receipts from BLM timber holdings. This month, agencies and non-profits came to us with requests to fund riparian restoration and related projects. Also asking for grant monies to help maintain or improve their forest related services, were county agencies such as the Douglas Fire Protection Association, The Douglas Soil and Water Conservation District and the Douglas County Sheriff's Forest Patrol. That all of these worthwhile applicants should have to come to the RAC, hat in hand, begging needed funding at the same time the industrial and privately owned timber industry in Oregon enjoys such significant tax relief is, in our opinion, most unfair. I offer this to illustrate the deliberate lack of political will to fund the appropriate agencies and activities that are crucial to improving Oregon's degraded water quality. Taxes that were paid by private timber companies upon harvest for decades are no longer in place. Instead, local governments demand that public forests (BLM, USFS) generate some six or seven times greater revenue from timber harvests as comparable or better private timber holdings! In this part of the world, these federal forest lands carry almost the entire burden of not only local funding, but of endangered species recovery, water quality, air quality, biodiversity and high ecological functioning, as well. How lopsided and how unjust!

Another of my volunteer activities is as a member of the Executive Council of the Coquille Watershed Association (CWA), of Coquille, Oregon, in Coos County. (I do not represent the CWA in this filing.) Sharing that commitment with me are representatives of the USFWS, BLM, USFS, Oregon DEQ, Oregon Department of Fish and Wildlife, citizens in general, representatives of timber land owners, etc. Despite disparate opinions concerning watershed management activities such as clear cut logging, we manage to agree on restoration projects throughout the large Coquille Watershed. However the CWA's

brief does not extend above the riparian zone, so that, as NOAA noted in its fairly recent opinion about potential ESA delisting of the Coastal Coho Salmon, the benefits of such riparian restorations, although worthwhile, were being rapidly outstripped by the effects of logging in the uplands. Nothing has changed. The Oregon Forest Practices Act (OFPA) has proven very difficult to amend in any meaningful way. A stream temperature study conducted by the Department of Forestry, known as "Rip Stream," found the OFPA to be out of compliance with Clean Water Act Standards. Since that finding was published, at least four years ago, nothing has changed. Riparian buffers on private harvests remain negligible to nonexistent. I do not know when meaningful change, vis a vis mandatory riparian buffers in clear cuts, will be offered. Further, water quality impacts to streams and rivers and their denizens, human and otherwise, of the high volume herbicide spraying across our watersheds is largely untested and unknown at present. This is not to mention the impacts of siltation on drinking water, fish and economies. The port of Bandon and other coastal facilities require regular and expensive dredging (federal tax payer funded) to remain open. This water borne mud does not, as you and I well know, Joelle, fall with the rain.

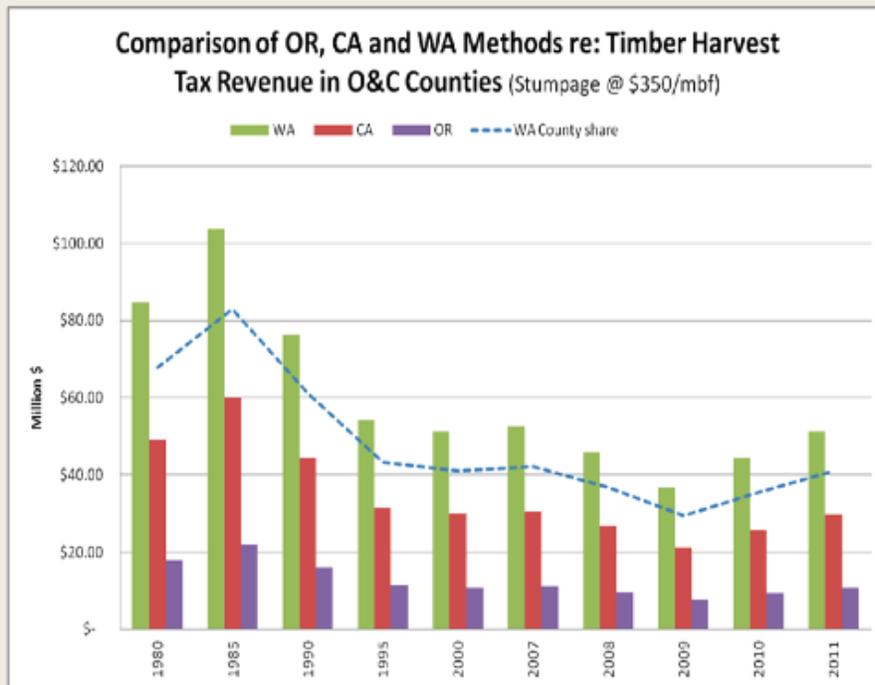
I realize that NOAA sanctions against Oregon may well impact funding for the CWA and other watershed associations, whose volunteers have worked selflessly and tirelessly to restore watershed health for some twenty years and more. In these straightened times, this is unfortunate, indeed. However, the long term and overriding concern for this seemingly unstoppable destruction of our watersheds must, at long last, be addressed in a strong and effective way.

Joelle, [REDACTED] implores you to use your good offices to pressure the State of Oregon to fulfill its long standing and just obligations to all of the beings, human and otherwise, and their habitats that call Western Oregon home, and that depend upon abundant, clean, cold water for their continued and healthy existence.

Sincerely,

[REDACTED]

# Oregon's Industry Avoids Timber Harvest Taxes



Oregon Department of Forestry

# Oregon Forestland Tax Programs

Pam Overhulser  
Oregon Department of Revenue



Western Forest Economists Meeting  
May 5, 2009

# Today

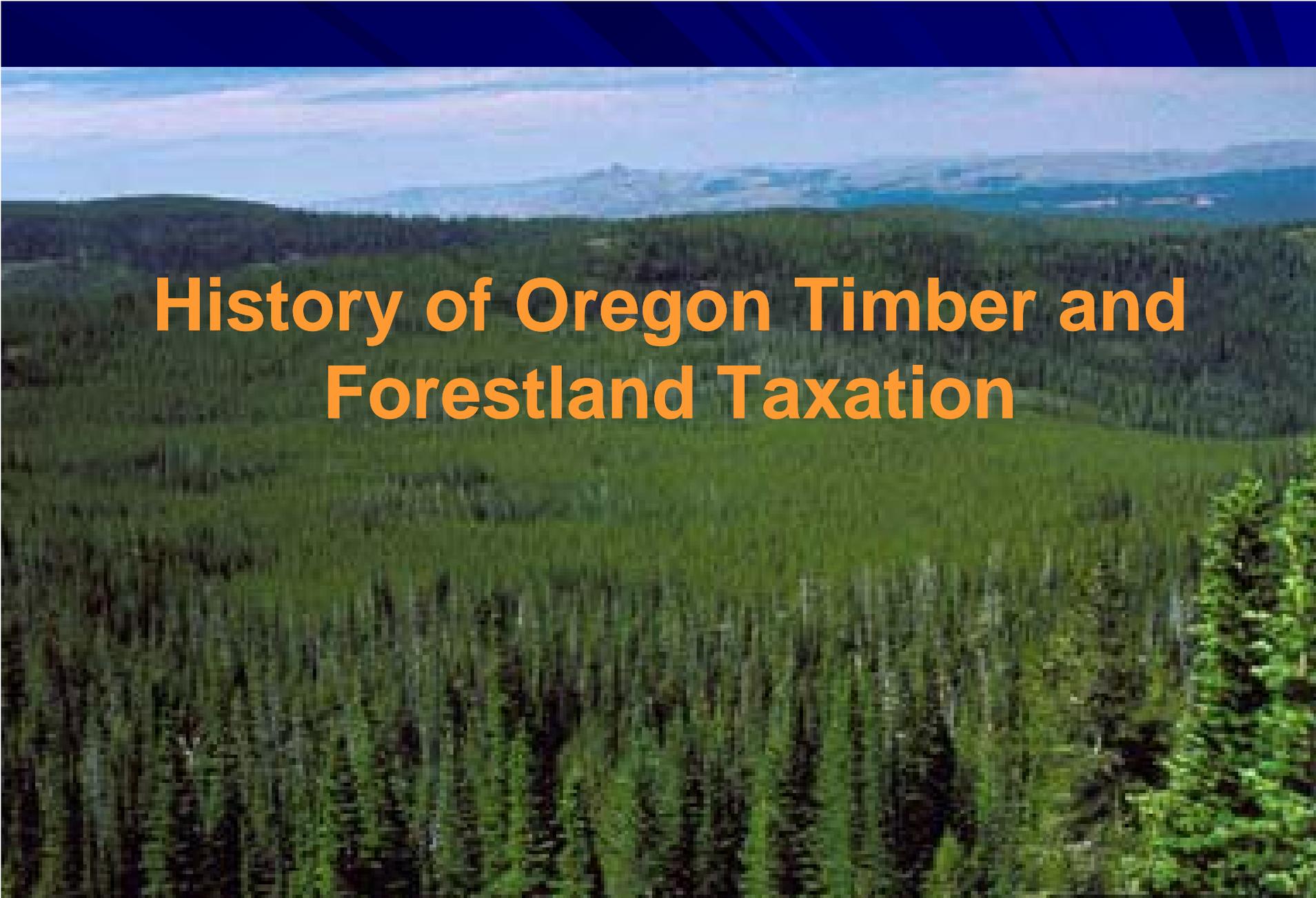
- Common elements of western state forestland tax systems
- History of Oregon timber and forestland taxation
- Current forestland and timber taxation
- 2009 Legislature - timber tax bills

# Common Elements of Western State Timber Tax Programs

- Dual taxation
  - Annual property tax & “Harvest” Tax
- Valuation & administration assigned to state agencies rather than county assessors
- Multiple timber taxation programs in each state
  - Small and large forestland owners

# Common Elements (cont)

- Tax advantaged
- Forestland is specially assessed
- Predominant purpose
  - “growing and harvesting timber”
- Timber economy driven
- Many state’s taxes subject to property tax limitation measures



# History of Oregon Timber and Forestland Taxation

# Timber Tax History

- 1856 - Property tax on forestland and timber
- Timber removed from assessed value
  - 1961 Eastside –
    - ✓ Added 5% harvest (privilege) tax based on **market value**
  - 1977 Westside –
    - ✓ Added 6.5% harvest (privilege) tax based on **market value**
- Small landowner program
  - 1961 Western Oregon Small Tract Optional Tax (WOSTOT)
    - ✓ Eligible for owners with less than 2000 acres
    - ✓ Property tax paid on land “productivity” value (5 classes).
    - ✓ No “Privilege tax”

# Timber Tax History (cont)

## ■ 1947 Forest Products Harvest Tax

### ➤ Tax on:

- All harvest from public and private lands
- Utility & better grade
- Logs chipped in woods
- Exempt: Hybrid poplar < age 12 and juniper

### ➤ Tax on **volume** of harvest

### ➤ 25 MBF exemption

# Timber Tax History (cont)

## ■ Assessed value changes

### ➤ 1993 Legislature

- ✓ Limited assessed value to 20% of forestland value (20/80)
- ✓ Decreasing privilege tax

### ➤ 1997 Legislature - Measure 50

- ✓ Cut and capped assessed value based on 90% of 1995-96 assessment value
- ✓ Limited annual growth of assessed value to 3%

# Current Forestland & Timber Taxation



# Current Timber Taxation

## ■ 1999 Legislature

### ➤ Forestland Program

- ✓ Transition assessed value from 20% to **100%** of market value by 2003

- ✓ Phase out privilege tax by 2003

### ➤ Small landowners – continue old 20% system until 2003

### ➤ WOSTOT sunset by 2003

## ■ 2003 All transition to Forestland Program

## ■ All pay Forest Products Harvest Tax

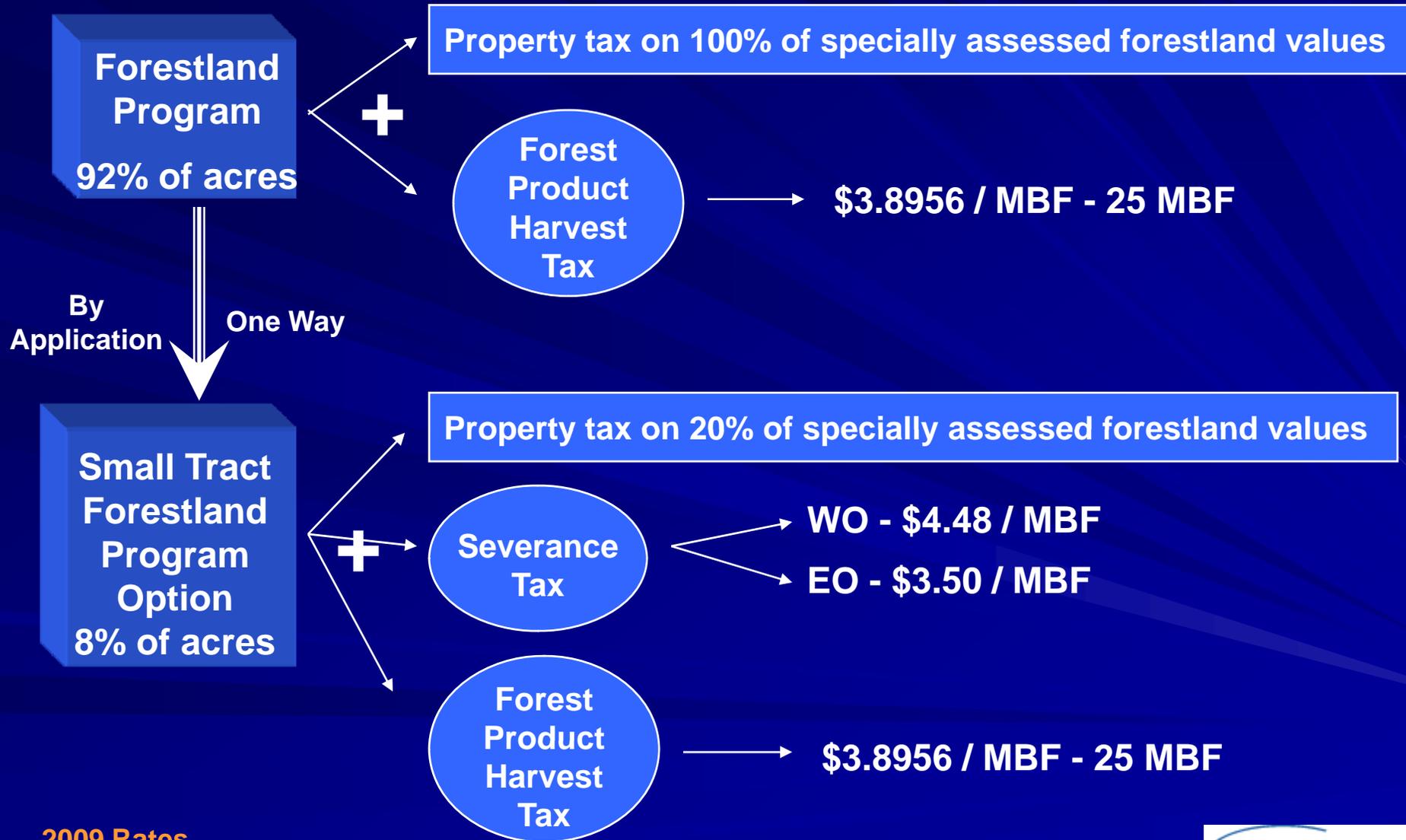
# Current Timber Taxation (cont)

## ■ 2003 Legislature

### – Small Tract Forestland program

- **Optional** forestland program by application
- Owners with **10 - 4999** acres statewide
- Taxation to better coincide with cash flow
- Property tax paid on **20%** of assessed value
- Severance (privilege) tax paid on **volume** of harvested timber

# Current Forestland Tax Programs



2009 Rates

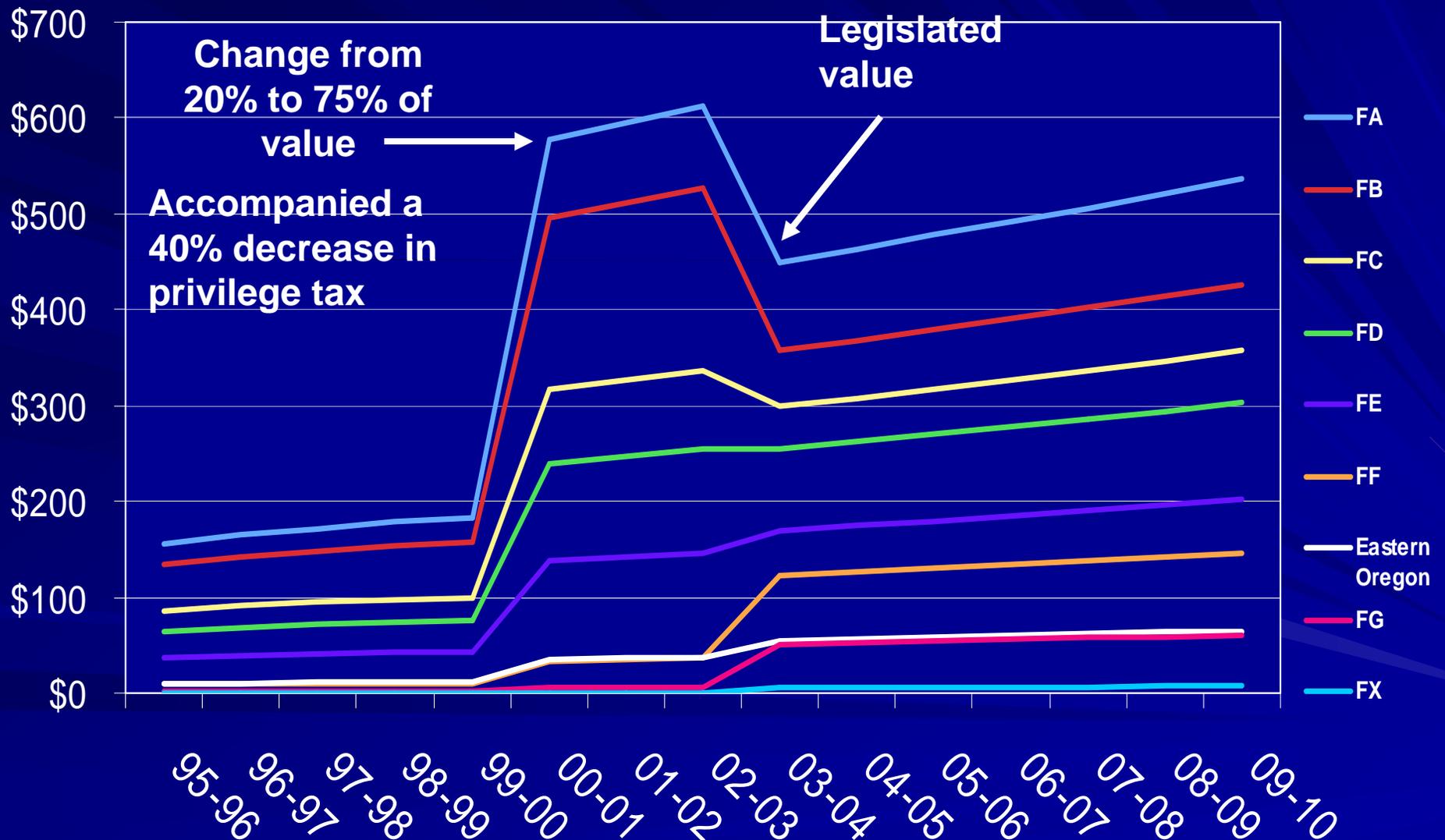
# Forestland Valuation

- Transaction analysis for market value
  - 8 value classes
  - Criteria for sales transaction
    - Bare land allocation
    - Arm's length
    - Open market
    - At least 20 acres
- Use lesser of market value and Measure 50 limitation
  - 3% increase per year

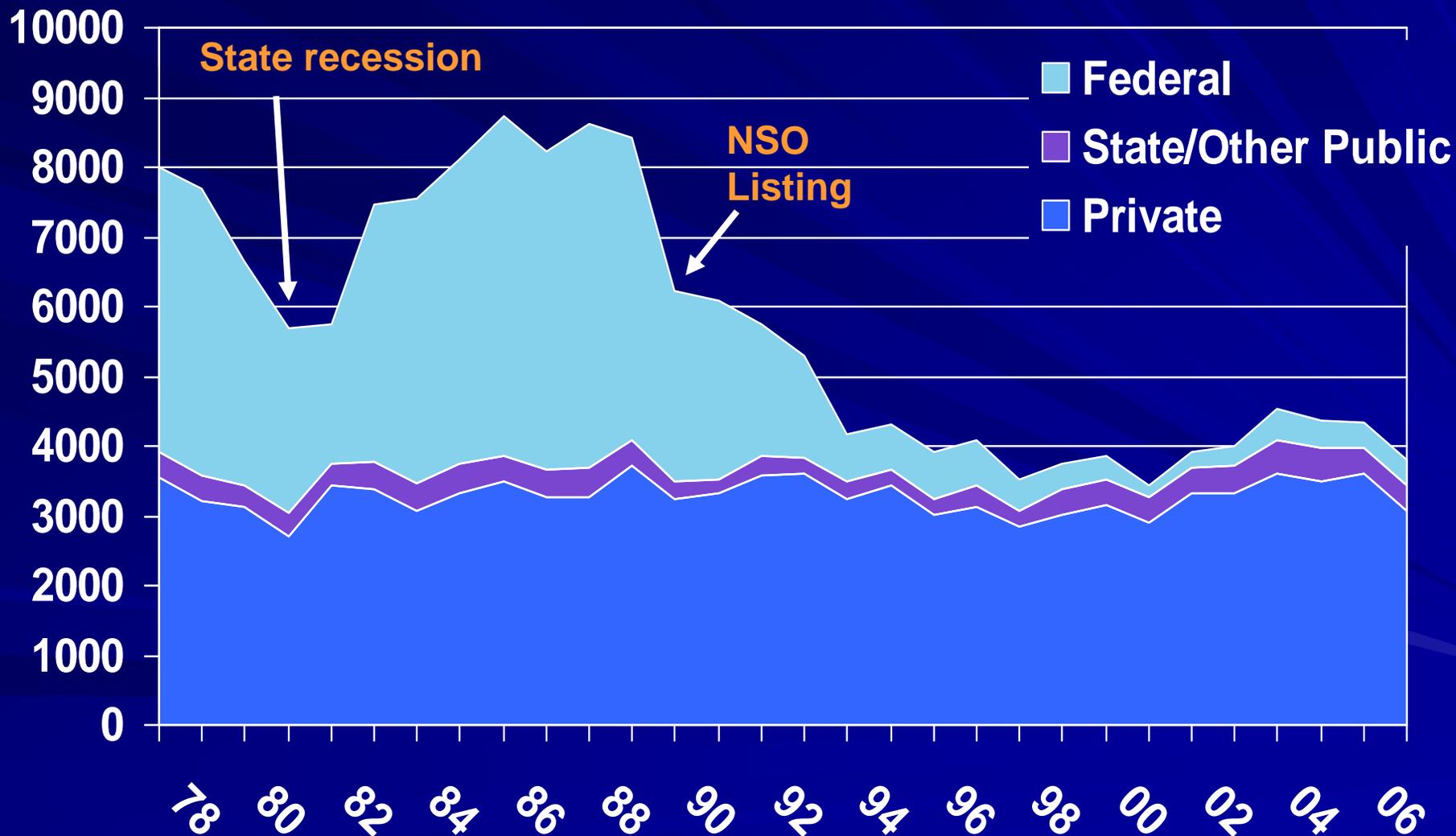
# 2009 Forestland Valuation

Western Oregon			
Site Class	Forestland Class	Measure 50 Limitation	Market Value
I + I I -	FA	537.30	836
II + II	FB	426.26	662
II - III +	FC	356.99	555
III III - IV +	FD	303.26	473
IV IV -	FE	201.76	314
V + V V -	FF	145.64	227
Below Site V	FG	60.88	97
Eastern Oregon		7.14	9.66
		60.88	111

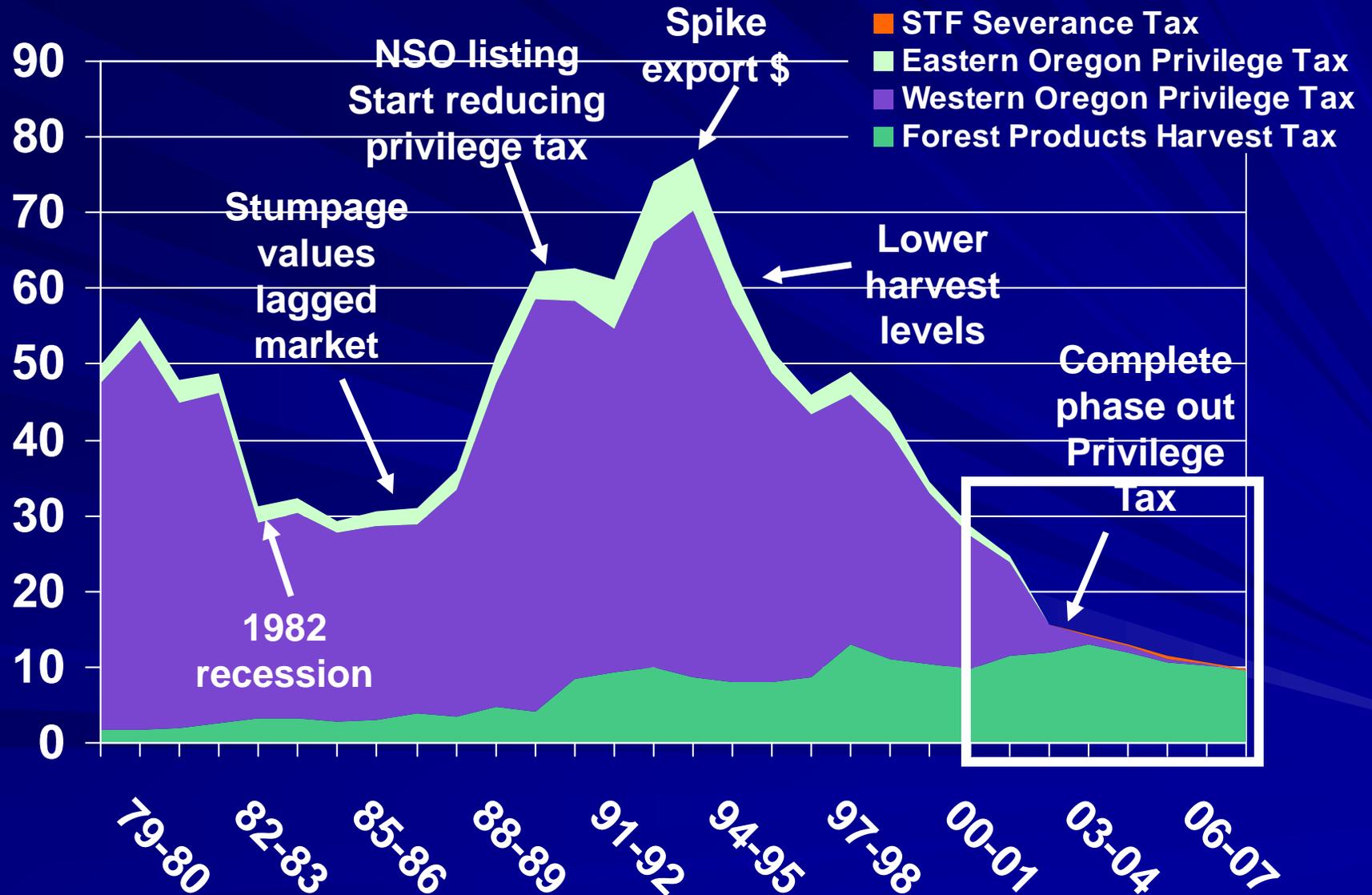
# Assessed Value History (per acre)



# Oregon Timber Harvest (million board feet)

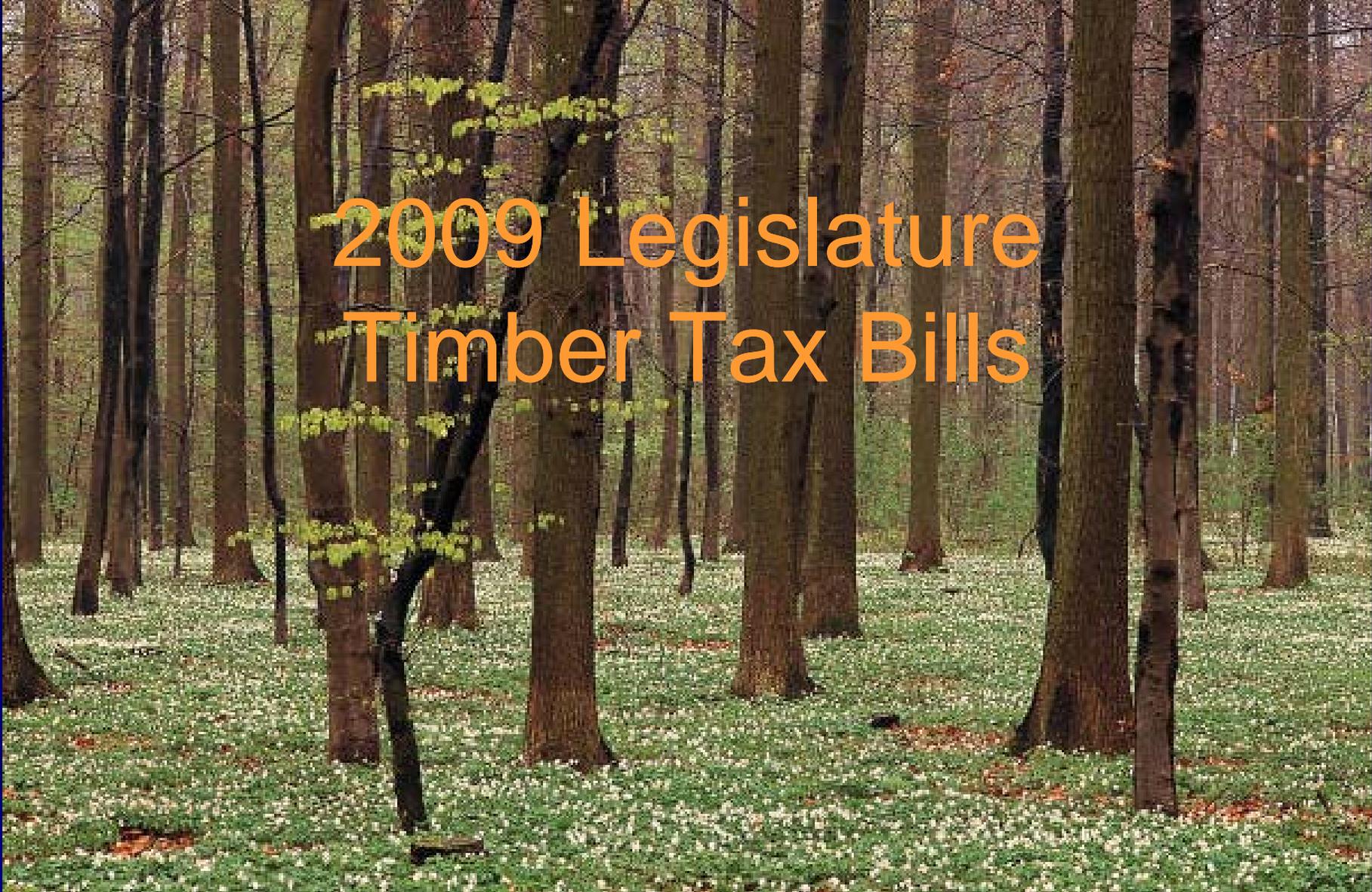


# Harvest Tax Collections (million \$)



# Property & Harvest Tax Collections (million \$)



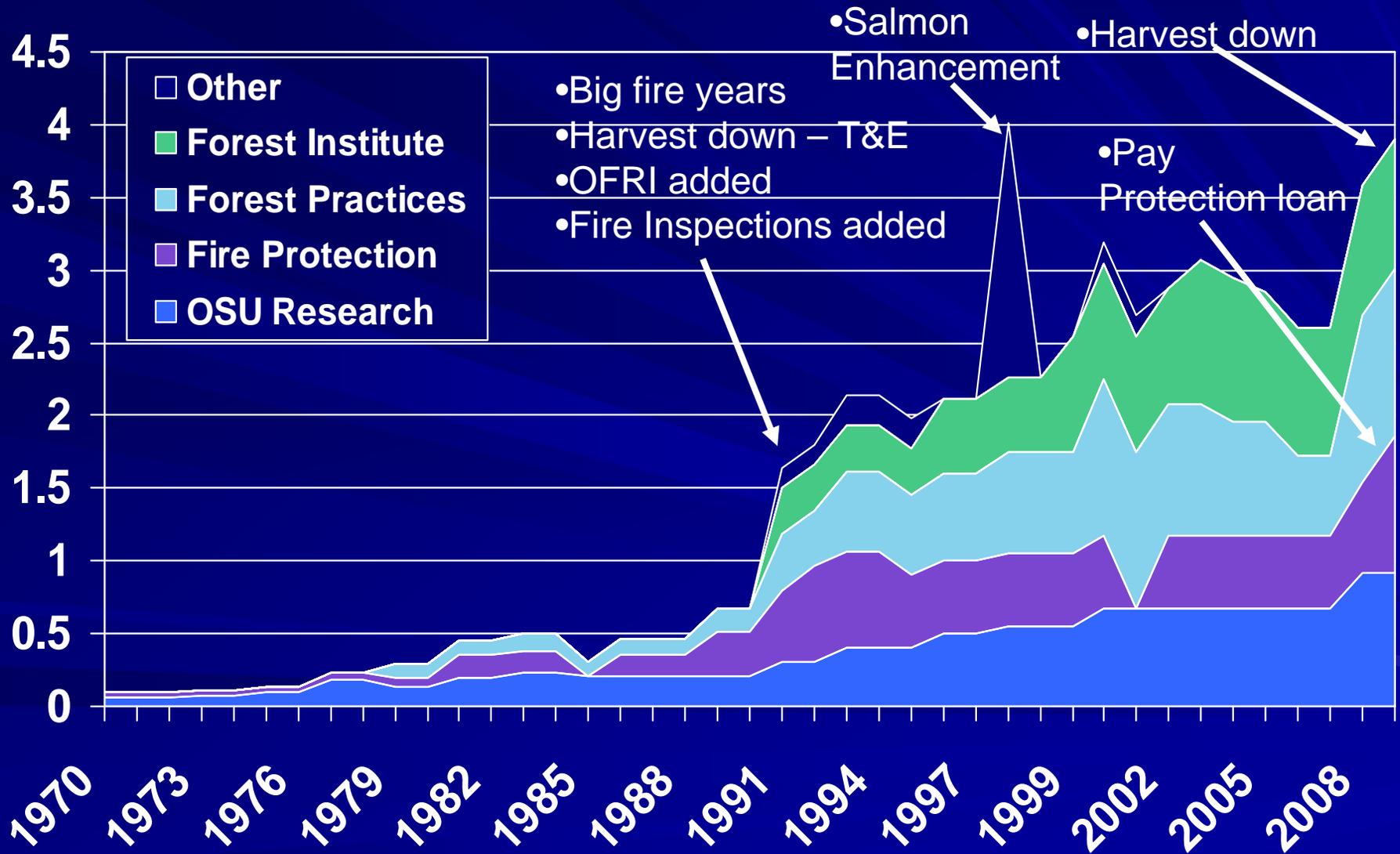


# 2009 Legislature Timber Tax Bills

2009 Legislative Issue:

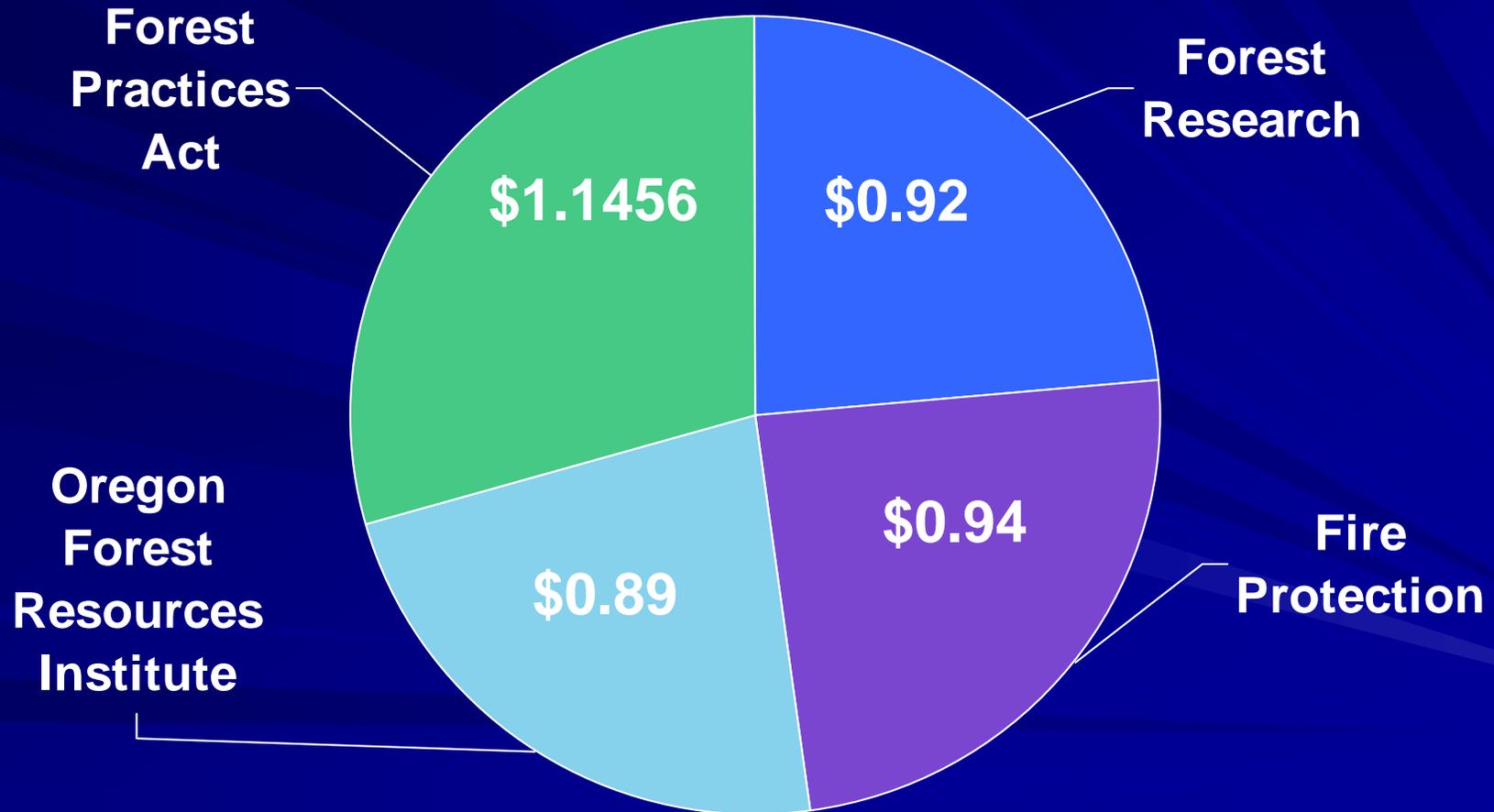
Forest Products Harvest Tax

# Forest Products Harvest Tax Rates (dollars)



# Forest Products Harvest Tax

2009: \$3.8956 / MBF



# 2010-2011 FPHT Rate

## ■ Timber harvest down

- Industry struggling for survival
- Lower harvest taxes would help

## ■ Tax revenues down

- Recipients of taxes are struggling for survival
- More tax revenue would help



# HB 2214 – FPHT Rate

## ■ OSU Research

- Negotiate rate with OFIC
- 12% of OSU Research Lab budget
- OSU not prepared to set rate yet

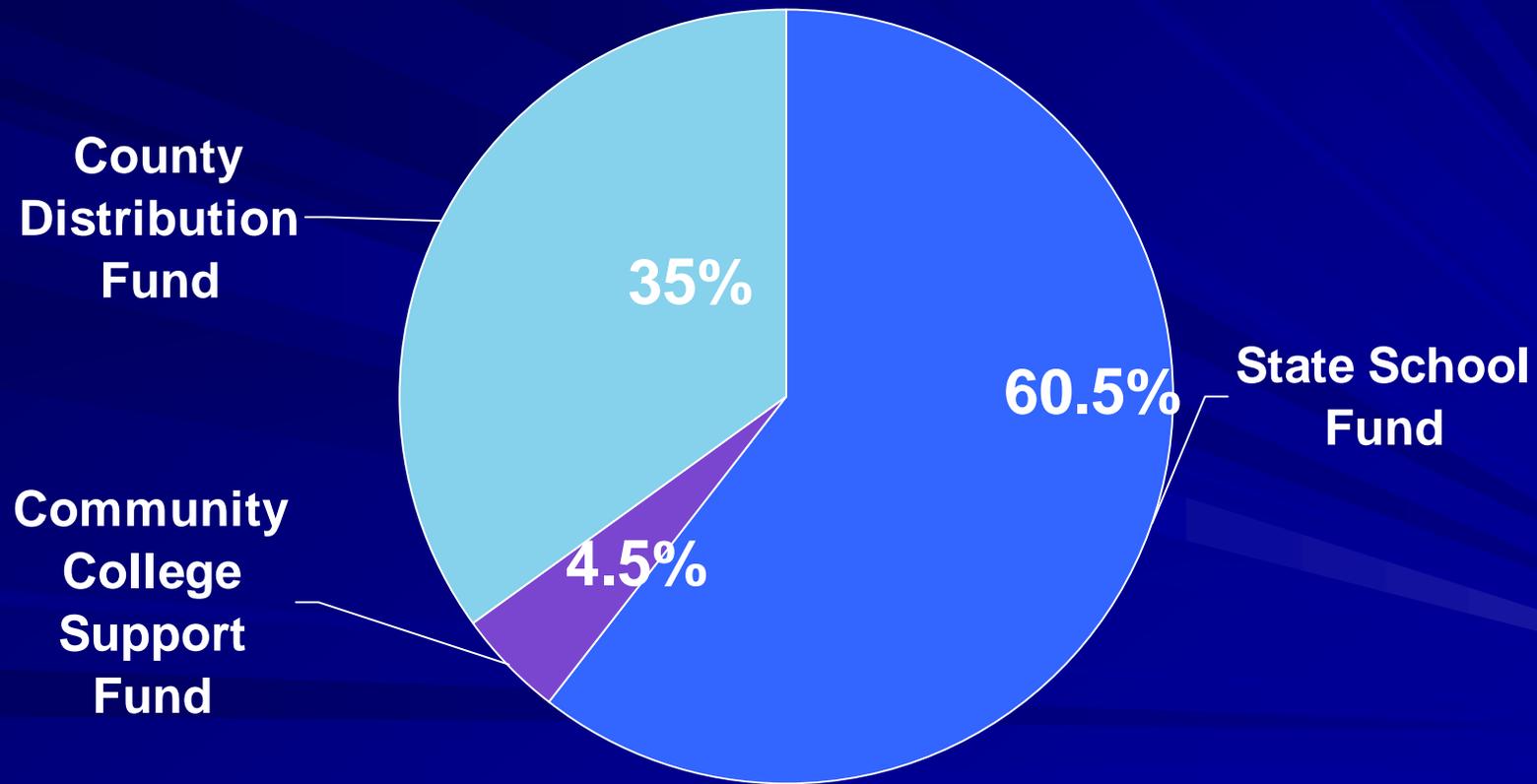
## ■ ODF FPA administration

- Not more than 40% of ODF foresters' salary
- Less revenues means either:
  - higher tax rate
  - fewer foresters
- Rate considers: Current balance, future income, future budget needs
- ODF waiting for May 10 FPHT disbursement b4 setting rate

2009 Legislative Issue:  
Small Tract Forestland

# Small Tract Forestland Option Severance Tax

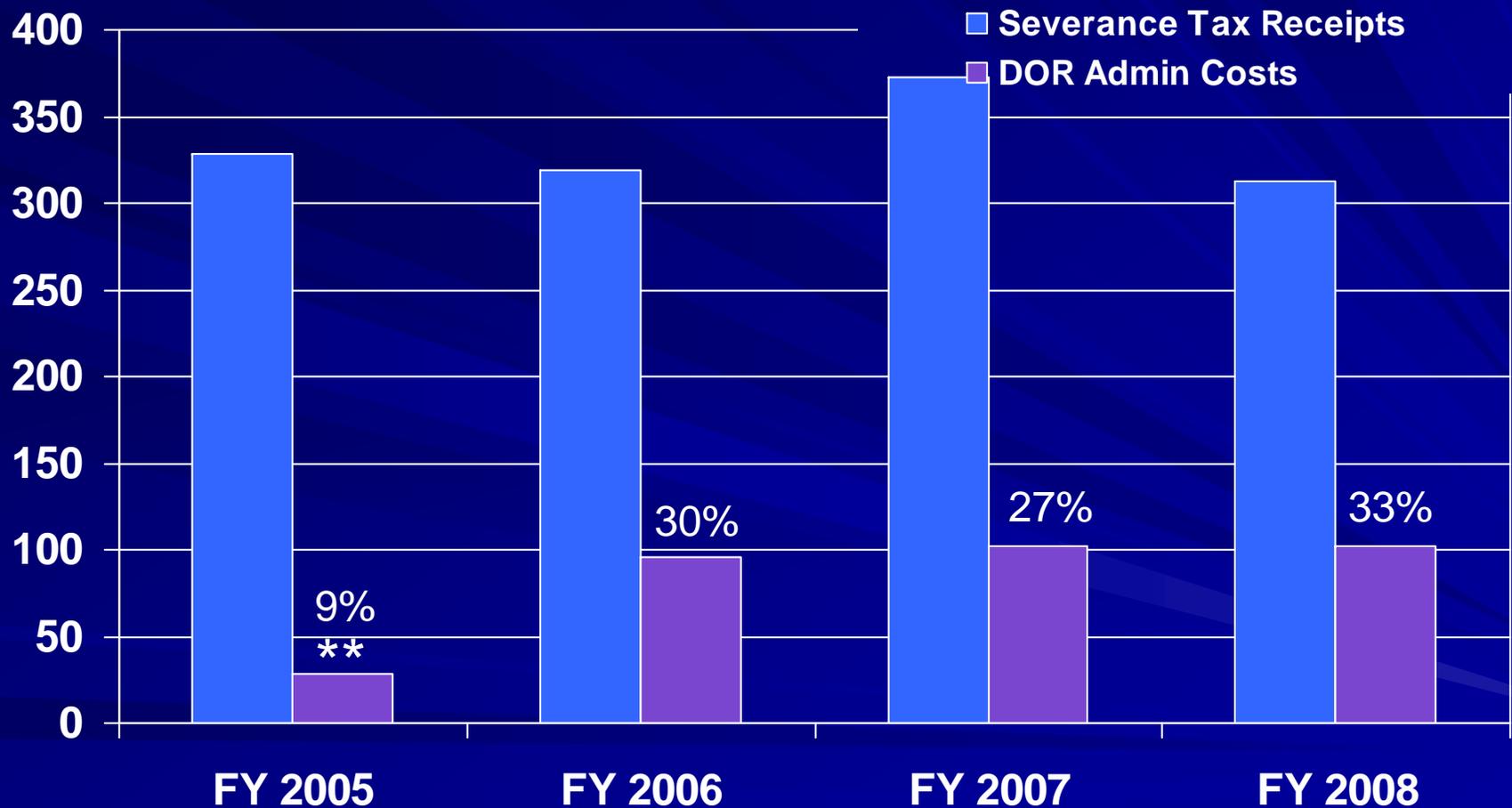
2009: \$4.48 / MBF Western Oregon  
\$3.50 / MBF Eastern Oregon



# Small Tract Forestland Issue

- In 2003 DOR was scheduled to report to 2009 Legislature
  - Is tax rate the right one?
- Program was predicted to have high administrative costs
- Report showed **30%** administrative costs for Department of Revenue
  - Counties also have significant costs

# STF Program – Severance Tax Receipts and Administrative Costs\* (thousand \$)



\*Department of Revenue costs only

\*\* Partial year

# Legislature Response

- SB 886
  - Self-certification of eligibility for STF program
  - DOR not to send pre-printed return form to taxpayer
- Hearing testimony
  - Bill would not decrease costs
  - Recommended a study to reduce costs
    - Same participants that created the program
    - Report in 2 years
- No action to date

2009 Legislative Issue:  
Hybrid Poplar

## ■ HB 2646 Lengthens rotation for hybrid poplar from 12 years to 20

– Current law – for over age 12

### ■ Assessor:

- Disqualify as Farm special assessment
- Move to Real Market Value
- Calculate back taxes up to 10 years
- If submitted, process application for Forestland special assessment

### ■ Landowner when disqualified:

- Pay back taxes & personal property taxes on improvements (irrigation)
- Or apply for Forestland special assessment

## ■ HB 2646 Lengthens rotation for hybrid poplar from 12 years to 20 (cont)

– Proposed – for over age 12 and under 20

■ Allow to remain in Farm special assessment

■ Allow H.P. land to apply for Forestland special assessment regardless of stand age

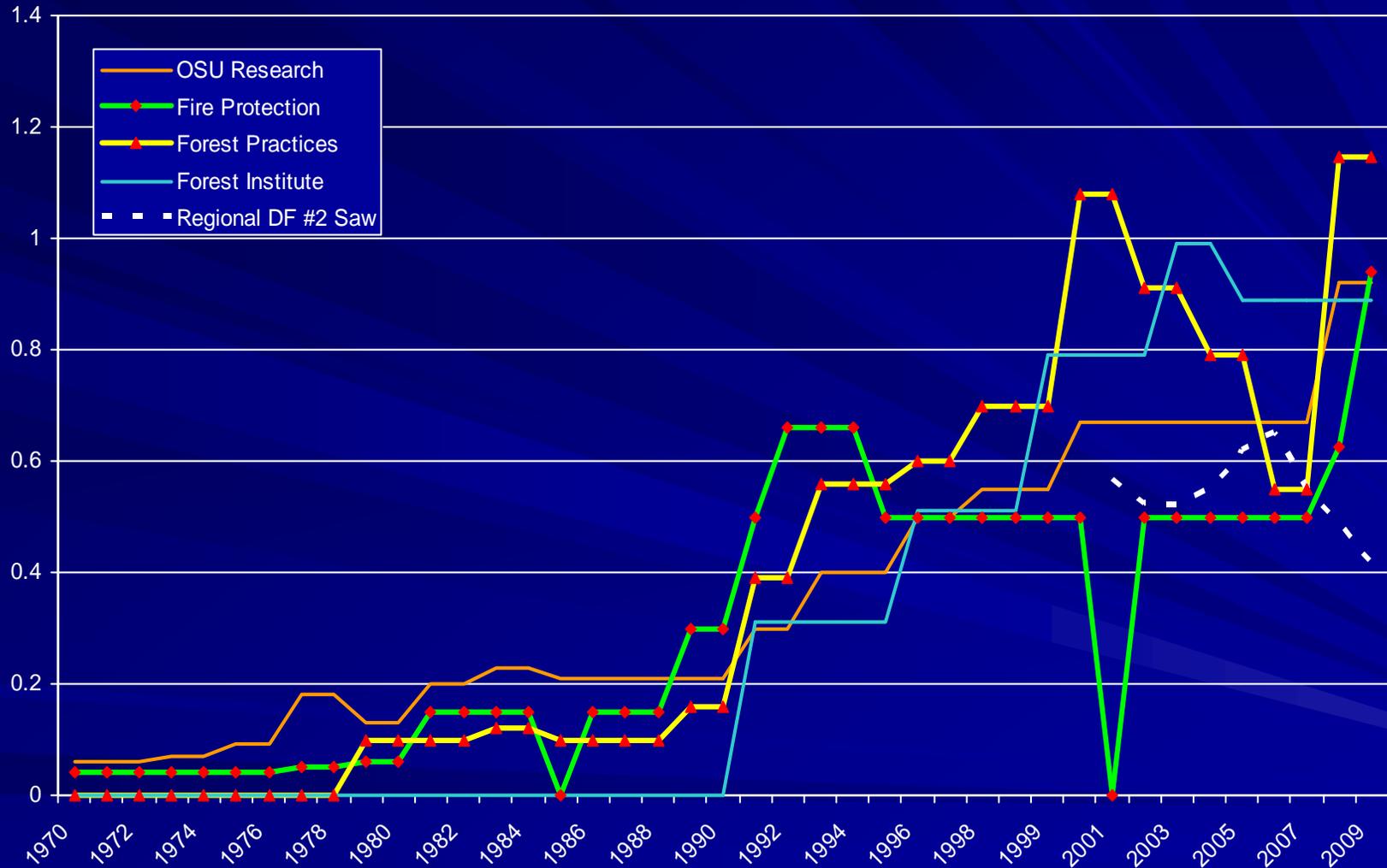
– Effect of Bill: Eliminate additional cost incurred by county assessor under current law

■ Tabled for “constitutional issue”

A photograph of a forest with tall pine trees and a blue sky. The text "The End" is overlaid in orange. The image is framed by a blue border with diagonal lines at the top and bottom.

**The End**

# Forest Products Harvest Tax Rates



# Oregon 2009

## Choice of forestland property tax system

- Forestland Program (92% of acres)
  - Annual Property Tax Rate – 1.0%
  - 2 Acre minimum requirement
  - Valued by productivity classes (9)
  - Market-based valuation
- Small Tract Forestland Option (8% of acres)
  - Need to apply for the program
  - Open to acreages between 10 and 4999 acres
  - Reduced valuation (80% reduction)
  - Pay severance tax at time of harvest
    - \$4.48 per thousand board feet in Western Oregon
    - \$3.50 per thousand board feet in Eastern Oregon

# Oregon 2009 (cont)

## Harvest Tax

- Forest Products Harvest Tax
  - Everyone pays
  - \$3.8956 per MBF harvested
  - First 25 thousand board feet are exempt

# Washington (cont)

## ■ Business & Occupation Tax

- About 0.5% of gross receipts from log sales (2005)

## ■ Real Estate Excise Tax

- Owed when standing timber is sold
- 1.28% to 1.78% depending on county

## ■ Special Programs

- Salmon Credit –reduced excise tax to 4.2% on timber affected by revised aquatic enhancement rules
- Open Space
  - Forest or Timberland designation for smaller acreages

# Washington 2009

## ■ Forestland

- Annual property tax – 1.35% Rate (2008)
- 20 Acre Minimum Requirement
- Indexed property valuation
- Valued by productivity & operability
  - 29 classes

**-and-**

## ■ Forest Excise Tax

- 5% on stumpage value at harvest

# Idaho 2009

## Choice of forestland property tax system

- Productivity Tax System (75% of acres)
  - Annual Tax On Property – 1.0%
  - 5 Acre Minimum
  - Income Approach To Valuation
  - Valued by productivity classes (3) in zones (4)
  - No “harvest” tax

**-OR-**

# Idaho (cont)

## ■ Bare Land and Yield Tax System (25%)

- Annual property tax on reduced property value (about 40% of Productivity Option values) - 1%
  - Same classes as under Productivity Option
  - Indexed valuation method on properties
- Yield tax on stumpage value of harvested timber
  - 3% Tax Rate
- Available for tracts between 5 and 5000 acres

# Comparing Harvest Taxation Among the Western States



# Comparing Forestland Valuation and Taxation Among the Western States



# Total Harvest And Forestland Tax Impact



# Applying For Forestland Designation



# Forest Practice Regulations; Riparian Zones



# State Timber Tax Programs (cont)

## Dual Taxation

### ■ Forest Property Tax

- Tax rates on property
- Property valuation or assessment
  - Productivity Classes
- Influenced by zoning
- Influenced by tax limitation measures

### ■ Harvest Taxes

- Called
  - “Severance Tax”
  - “Excise Tax”
  - “Yield Tax”
- Timber Valuation
- Adjustments to Timber Valuation

# 2009 Legislative Issue: Fire Protection Funding

- **HB 3267** – Fires patrol assessment reduced from 50% to 40% for private land owners
- **HB 2215** – Extend \$15 million annual expenditure limitation in Oregon Forest Land Protection Fund
- **HB 3281** – Change \$15 million limitation to
  - 50% of suppression &
  - 50% insurance premium