



The Forest Property Tax Law in Western Oregon

Alternatives for the Small Woodlands Owner



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THE FOREST PROPERTY TAX LAW IN WESTERN OREGON

ALTERNATIVES FOR THE SMALL WOODLANDS OWNER

1976

As an owner of forest property in Western Oregon (West of the Cascades) your property may be classified under the Western Oregon Ad Valorem Tax or if your land and timber qualify for them, under either of two optional forestry property tax laws. The choice you make may result in thousands of dollars of savings in taxes and interest on taxes. Obviously, your choice of property tax is critical for your management plan.

The three tax laws are: (1) The Western Oregon Ad Valorem Tax, (2) The Forest Fee and Yield Tax and (3) The Western Oregon Small Tract Optional Tax. Here is an explanation of the tax laws and some suggestions for deciding which forest tax law is best for your management plan.

WESTERN OREGON AD VALOREM TAX

(ORS 321.605)

As an owner of forest land, your property will be subject to the Western Oregon Ad Valorem Tax unless you chose one of the two options. An Ad Valorem tax means that the assets, in this case land and timber, are taxed according to their market value. In Oregon your house or business, or other real estate, is also taxed in relation to its market value -- an Ad Valorem tax.

The tax you pay on your forest property under this law will be based on the market value of the trees plus the value of your forest land without trees. Your timber, twelve inches and larger in diameter at breast height, will be valued at market value based on sales of comparable timber in your area. Trees less than twelve inches in diameter are not valued (appraised) because they are exempt from taxation unless cut.

Your forest land is normally valued according to its bare land market value for forest production. However its location may add to its value because of a potential higher use for recreation or homesites.

Each county in Oregon has established land use zones limiting the kinds of activities that may be carried on in a zone. If your land is in a forest zone and your land is used for forest production, it should automatically be appraised as forest land and be taxed accordingly. If the land is in a farm or higher use zone, it is probably not classed as forest land. To be sure, ask your local assessor if your land is being appraised for forest production or for some other use.

You can also call the local office of the State Department of Revenue and ask for the current bare forest land values they are using, then compare these values with your appraised values. If the appraised value is higher, the county assessor has probably decided that your land has a higher use than for forest production.

If your appraised forest land values are higher than the values given to you by the Department of Revenue and you intend to practice forestry on the land, you may wish to have your land "designated" as forest land. "Designation", if approved by the County Assessor, will reduce the land values to those used by the Department for appraising forest land. You apply to have your forest land "designated" as such on a green form titled "Designated Forest Land". Your local assessor has a supply of the forms. If your local assessor rejects your request to "designate" your land as forest land, you may appeal to the Department of Revenue. Only parcels of forest land of two acres or more are eligible for designation as forest land.

Taxes Due on Change of Classification

However, if you elect to make this change in land classification, an additional tax on the land may be due in the year following its designation as forest land.

There are two cases to consider: first, a change in land classification from special assessment for farm use or from the forest site value under the Small Tract Optional Tax to designated forest land and second, a shift from any other ad valorem land classification to designated forest land.

In the first case, if the designated land value is higher, a tax on the difference between the two land values is computed using the tax rate for the current tax year. This additional tax for the last year under its former use is multiplied by the number of years the land was taxed for farm use or under the Small Tract Optional Tax, for a maximum of ten years.

If you decide at a later date to change from designated forest land to special assessment for farm use or to the Small Tract Optional Tax, you may again be assessed an additional tax if the appraised value for the new class exceeds the value for designated forest land. The procedure for calculating the additional total tax is the same as just described.

In the second case, a shift from any other ad valorem land classification to designated forest land is not subject to an additional tax even if in the unlikely case, designated forest land values are higher.

If your land is designated as forest land and you decide later to change its use to a higher use, such as a subdivision for homes, (but not for farm use) you will be required to pay taxes on the difference in value between

"designated" land and its value for the higher use for the period it has been designated, to a maximum of five years. An annual six percent simple interest charge will also be collected on the additional taxes due. If the designated forest land has been previously classed for farm use or forest use under the eligibility requirements of the Small Tract Option, a ten year rollback will be used to collect the additional taxes due. No interest charges will be added in this case.

If for some reason your land is disqualified for taxation as designated forest land, the assessor will reclassify your land and will levy an additional tax on that land by the procedure outlined above.

A new owner must reapply within 60 days of the date of the purchase to continue the designation as forest land. If the land is not in a forest land use zone, failure to reapply will cause the land to be reappraised and additional taxes collected as indicated above. In calculating the additional taxes due, the five year rollback plus six percent interest will be used for land designated as forest land and not previously assessed for farm use or forest use under the eligibility requirements of the Small Tract Optional tax law. The ten year rollback without interest will be used to collect the additional taxes due if the land has been previously classed for farm use or forest use under the eligibility requirements of the Small Tract Option and changed to designated forest land.

If you change land classification to either special assessment for farm use or designation as forest land, your trees, including Christmas trees, will be subject to taxation under the Western Oregon Ad Valorem Timber Tax. Trees in land classed according to forest site value under the Small Tract Optional tax are exempt from taxation.

The Tax on Your Land

Now, assuming that your land is classed as forest land, the market value (true cash value) will vary depending on the site class and location. Site classes reflect differences in potential growth rates. Zone classes depend primarily on the distance to forest products markets (Table 1). Your assessor or the local office of the Department of Revenue can give you the zone and forest land value for your forest property.

TABLE 1

Forest Land Values (true cash value)
for Several Counties in Western Oregon - 1975

Site Class	Value Per Acre By Zone											
	Benton County			Lane County					Tillamook County			
	<u>A*</u>	<u>B*</u>	<u>C*</u>	<u>A*</u>	<u>BDE*</u>	<u>C*</u>	<u>FG*</u>	<u>H*</u>	<u>A*</u>	<u>BDE*</u>	<u>C*</u>	<u>F*</u>
I	115	110	130	115	110	110	102	130	115	110	115	130
II	90	82	100	90	82	84	74	100	90	80	90	100
III	62	58	75	62	58	54	54	75	62	52	62	75
IV	35	34	42	35	34	34	32	42	35	27	35	42

* Zone classes are determined by distance to forest product markets.

To compute your tax on your forest land, first multiply the number of forest acres of a particular site class by the value per acre for that site. Then multiply this total "true cash value" by the tax rate for your area. This gives the tax you will pay for your forest land. Here is an example:

An owner has fifty acres of forest land in Zone A, Benton County classed as Site II by the forest appraiser in the Department of Revenue. Assume that the tax rate for the area, called the "code area", is \$25 per thousand dollars of true cash value. (Code areas are drawn to include areas of equal tax liability and are not necessarily related to timber or forest land zones used for appraisal.)

50 acres x \$90 (true cash value per acre for Site II) = \$4,500 (total true cash value)

\$4,500 x \$25 tax per thousand dollars of true cash value = 4.500 thousands of dollars x \$25 = \$112.50 tax for the forest land

Therefore, on November 15 the taxpayer would owe a tax of \$112.50 on his forest land.

The Tax on Your Timber

The appraised values (immediate harvest values) used to determine the taxes you will pay on your timber are determined by forest appraisers from the Department of Revenue. They use prices collected from federal, state, and private sales of standing timber and/or logs as a guide. For stumpage price comparison, voluntary sales of standing timber intended for harvest within three years of the date of sale are used. These prices are adjusted for species, quality, age, cost of logging, and transporting and "other relevant factors." The Department determines these figures as of September 1 each year for use on the following January 1 assessment roll. In Benton County, for example, the following appraised values were used for young growth Douglas-fir for the assessment roll on January 1, 1975:

<u>Quality Class*</u>	<u>Immediate Harvest Value Per Thousand Board Feet</u>		
	Zone I*	Zone II*	Zone III*
A	160	156	151
B	143	140	138
C	121	118	113
D	100	95	92

* Quality classes are based on the estimated yield of various log grades. Zone classes depend on general topography and distance to market.

Under the Western Oregon Ad Valorem Tax, Douglas-fir timber is assessed in one of three categories:

- 1) Old growth - timber over 100 years of age
- 2) Young growth - timber 12 inches in diameter or more outside bark at breast height (DBH) but not "old growth."
- 3) Reproduction - trees less than 12 inches DBH.

Reproduction (trees less than 12 inches DBH) is exempt from annual taxation unless cut. If reproduction is harvested, it is assessed at 100% of harvest value and taxed for the year it is cut.

You will pay a tax on standing timber for the young and old growth classes. A valuation factor of 30% of market value (immediate harvest value) is used for calculating the annual true cash value of standing timber. If timber is cut, a total tax based on 100% of its market value must be paid for the year it is harvested. Therefore, you will pay an additional tax for harvested timber based on the remaining 70% (100% minus the 30% valuation factor on standing timber) of the market value.

Let's use an example to illustrate how this forest tax is applied to young growth timber. The same method is used for old growth timber.

The Department of Revenue forest appraiser has cruised (measured) your standing timber over 12 inches in diameter. He estimated that you have 400 thousand board feet of young growth timber on the 50 acres of forest land you own. He classified the timber as Douglas-fir, Quality Class B Zone I with an immediate harvest value of \$143 per thousand board feet in 1975 in Benton County. This appraisal reduced by the valuation factor will be given to the county assessor's office and your tax will be computed as follows:

For standing timber (annual tax due November 15)

\$143 x 30 percent (immediate harvest value x valuation factor) =
\$42.90 per thousand board feet (MBF) true cash value

\$42.90 per MBF x 400 MBF = \$17,160 total true cash value.

17.160 thousands of dollars x \$25 tax per thousand dollars of true cash value = \$429 total annual tax on your standing timber.

For harvested timber (report of harvest is due before February 3 of the year following harvest)

Assume that 100 MBF of the timber was cut.
Here is the tax due for harvested timber.

\$143 per MBF (immediate harvest value) x 70 percent =
\$100.10 per MBF.

\$100.10 per MBF x 100 MBF of harvested timber =
\$10,010 of additional taxable value.

10.010 thousands of dollars x \$25 tax per thousand dollars of true cash value = \$250.25 of additional tax due for timber harvested.

Although standing trees less than 12 inches diameter breast high are not taxed, if these trees are harvested for sale, one hundred percent of the true cash value immediately before harvest is used for computing the additional tax you owe on the trees harvested.

As an example, assume that you harvested 1000 cultured Douglas-fir Christmas trees and the immediate harvest value assigned by the Department of Revenue is \$2.75 per tree. You would owe a tax of \$68.75 for these trees. The tax calculation is shown below.

\$2.75 per tree (immediate harvest value) x 1000 trees = \$2750 of additional taxable value.

2.750 thousands of dollars x \$25 tax per thousand dollars of true cash value = \$68.75 additional tax due for the Christmas trees harvested.

Reports Required

If you plan to harvest merchantable trees from your forest land, there are several permits and reports you must fill out and send to various state and county offices.

1. Under the Forest Practices Act you are required to file a "Notification of Operation" with the district office of the Oregon State Department of Forestry. If you intend to operate power-driven machinery, you apply for a permit to do so on the same form.
2. If your land is under the Western Oregon Ad Valorem tax, harvest of merchantable trees, including Christmas trees, must be reported to the assessor by February 3 in the year following harvest.

Under this law all trees harvested and sold are taxed. You are allowed approximately thirty days following the date of billing by the Tax Collector to pay the additional tax charge without interest charges on harvested timber. Interest begins on the 15th of the month following the thirty days.

You can obtain the "Report of Timber Harvest" used for this purpose from the county assessor's office.

The Optional Tax Laws

Let's look at the two optional tax laws available if you meet the requirements for classification. These are the Forest Fee and Yield Tax and the Western Oregon Small Tract Optional Tax. Both are optional in the sense that you must apply to have your forest property classed under either of them.

FOREST FEE AND YIELD TAX

(Reforestation lands tax - ORS 321.255)

The Forest Fee and Yield Tax allows the owner to pay a very low annual land tax and a substantial tax on the value of all harvested forest products.

The annual land tax is 5 cents per acre east of the Cascades and 10 cents per acre west of the Cascades. The yield tax is 12-1/2 percent of the gross value (stumpage value) of all forest crops "immediately prior to harvesting".

Qualification

To qualify for this tax your land must:

1. Have less than a minimum amount of merchantable timber on it. A volume of timber less than practical to log is interpreted as being below "minimum".
2. Have an adequate seed source, or support a minimum stocking of forest trees. A "minimum stocking" would include seedlings and saplings. It would not include merchantable trees. This provision and the next depend largely on the judgment of the appraiser from the Department of Revenue.
3. Be suitable for and likely to produce forest crops. Although there is no minimum acreage specified, there must be sufficient acreage to meet this requirement.
4. Be protected from fire, insects and disease. If your land is in a Fire Protection District, you are paying fire patrol taxes and your property is assumed to be "protected from fire". No standards have been set for protection from insects and disease.

Application for Classification

You apply for this option to the Department of Revenue. The application form titled "Application for Classification of Land as Reforestation Land" can be obtained by writing to:

Forest Fee and Yield Tax Section
Department of Revenue
Salem, OR 97310

Or, you may find an application form at your County Assessor's office or nearest local office of the Department of Revenue.

Mail the completed form to the address shown above. An appraiser from this section will examine your land and recommend approval or disapproval of your application. If your application is rejected, you may appeal to the Department of Revenue.

If you need help in completing the application, contact your local Extension Agent, State Service Forester, or if you prefer, hire a consulting forester. Consulting foresters are often listed in the yellow pages of your telephone directory under "Foresters - Consulting".

Removal from Classification

You will pay an additional tax if you decide to remove your land from its classification under the Forest Fee and Yield Tax. The tax due is the higher of either (1) a 12-1/2 percent tax of the "current market value of all the forest crops situated on the land" or (2) the taxes you would normally have paid during the time your property was under the Forest Fee and Yield Tax, less any fee or yield taxes actually paid during the years of classification.

Your land may become ineligible for continued classification under the Forest Fee and Yield Tax. If this happens, the Department of Revenue will declassify your land and bill you for the additional taxes due, calculated by the second method shown above.

Calculation of Taxes

The Forest Fee and Yield Tax is really quite simple compared to the Western Oregon Ad Valorem Tax. You will pay an annual tax of 10 cents per acre (5 cents in Eastern Oregon) for your forest land. That's it -- no other property tax until you harvest your timber or forest crops. "Other" forest crops could include such products as tree cones, cascara bark, and salal. When you harvest forest crops you will pay 12-1/2 percent of the value immediately before harvesting to the county tax collector.

Let's use the data from the previous example and compute the tax due if the property in the example were under the Forest Fee and Yield Tax:

Land Tax

Assuming the forest land is in Western Oregon, a land tax of \$5.00 would be due each year on November 15.

50 acres x \$0.10 per acre = \$5.00 annual land tax for the property.

Harvest Tax

In this case, if 100 thousand board feet were harvested and it was valued at \$146 per thousand board feet by the Department of Revenue because of the kinds of products cut, you would owe a tax of \$1,825 on this timber. Timber not harvested is not taxed.

100 MBF harvested timber x \$146 per MBF =
\$14,600 total immediate harvest value.

\$14,600 x 12-1/2 percent yield tax = \$1,825 tax due

Reports Required

In addition to the permits required to operate power-driven machinery and to comply with the Oregon Forest Practices Act, you must fill out an "Application to the Department of Revenue, State of Oregon for a Permit to Harvest Forest Crops from Classified Reforestation Lands" if you plan to harvest forest products on land classified under the Forest Fee and Yield Tax. This form must be sent to the address shown previously. Write to the same address for the application form or ask for one at the local office of the Department of Revenue.

A Department of Revenue appraiser for the Forest Fee and Yield tax will determine the value of the forest products you intend to harvest and will send you a "Permit to Harvest Forest Crops from Classified Reforestation Lands" listing these values. You should allow three to four weeks for this permit to be issued.

You must have this permit before you harvest any forest products from land under the Forest Fee and Yield tax.

Your harvest tax will be 12-1/2 percent of the total value of the products harvested, based on the values shown on the permit. The permit is issued for a calendar year.

Within 30 days of June 30 or December 31, the owner must submit a "Report of Forest Crops Harvested From Classified Reforestation Lands" to the Department of Revenue and the county tax collector, listing the amount and kinds of forest products harvested in the preceding six months. The report to the tax collector will include the yield tax due.

Retaining Classification

If you purchase land classified under the Forest Fee and Yield tax, you are not required to reapply for classification. It is important to note, however, that the 12-1/2 percent tax on the merchantable value of the forest growth is a lien against any present or future crops produced from this land.

WESTERN OREGON SMALL TRACT OPTIONAL TAX (ORS 321.705)

This tax is related to the ability of forest land to produce an income from the sales of timber. Only the forest land is taxed; trees are exempt whether harvested or not.

Qualification

The following conditions must be met to classify your land under this law:

1. The land must be suitable for growing timber in accordance with principles of good forestry.
2. The average age of the timber on the land cannot be more than 60 years at the time of classification.
3. An owner cannot own more than 1,000 acres of forest land in Western Oregon. (Land classed under the Forest Fee and Yield Tax Law is exempt from this provision. Forest land classified for farm use and planted with cultured Christmas trees is also excluded from the 1,000 acre maximum.)
4. All of an owner's eligible land in Western Oregon must be classified.
5. Unless the State Forester grants an exception, no owner may classify his land under this law if his spouse, brother, sister, ancestor, or lineal descendant has forest land classified under it.
6. The land must be held for the primary purpose of growing and harvesting forest products.

Land Values

Under the Small Tract Optional Tax the true cash value of the forest land producing Douglas-fir or other species depends on the site quality. The true cash value times the tax rate gives the tax paid per acre per year.

The Oregon State Department of Forestry determines the true cash value for each site class by January 1. In establishing these values the department must use an income approach that "capitalizes average annual net income over a rotation age including periodic and final harvests". The net income for each site class is capitalized at 12 percent interest to determine the true cash value for the site.

The true cash values determined under this new method will be considerably higher than previous values, consequently, the Oregon legislature has provided a transition period before using the full amount of this calculated true cash value for assessment. Beginning in 1976, the assessed value will be 50 percent of the true cash value, increasing by 10 percent per year, until 1981 when 100 percent of the true cash value will be used for assessment.

You also have the option of having your forest land under the Small Tract Optional Tax classified for farm use. If the values for farm use are lower

than the site values adopted by the State Forester, you may choose to reduce your land taxes by using this option without penalty. However, if you class your land under farm use assessment your timber, including any reproduction harvested, is subject to taxation under the Western Oregon Timber Tax. For example, Christmas trees grown on land under special assessment for farm use will be taxed when harvested.

If the farm use values are higher than the forest land use values currently used for your property, you may change to farm use assessment but you must pay an additional tax to do so. The tax on the difference in land values between farm use and forest use values for the last year of forest land assessment times the number of years the land has been assessed as forest land, for a maximum of ten years, will be levied when the change in classification is made.

Calculation of Taxes

As an example, suppose you own ten acres of timber land classed by the State Forester as Site 3 and the tax rate in your district is \$21.08 per thousand dollars of assessed value. Using the income method of valuation an acre of Site 3 land might have a capitalized value of \$220 per acre. In 1976 only 50 percent of the value is assessed so \$110 is the true cash value for one acre. The total true cash value for 10 acres in this example is \$1100. The tax rate of \$21.08 per thousand dollars times \$1100 equals \$23.19, the tax paid on this property for 1976. Remember that in 1977 and each succeeding year through 1980 the true cash value for each site will increase by 10 percent according to the present law.

Application

To have your land and timber placed under the Small Tract Optional Tax you must apply to the State Forester at the following address:

State Forester
2600 State Street
Salem, OR 97310

You may pick up an application (currently a yellow form titled "Application") at any of the district offices of the State Department of Forestry. Your assessor may have a supply, too.

Fill out the form and give it to your local State Forestry office or mail it to the address shown above. A representative of the State Forester will then examine your land for a small fee (listed on the application) and make his recommendation. Remember, if your land is accepted for classification, all eligible land must be included.

Only parcels of forest lands of two acres or more are eligible for classification under the Small Tract Optional tax.

If the State Forester decides that your land is eligible for classification under this law, he will send a notice of certification to the local assessor and to you.

After certification, land which is currently assessed as designated forest land or for farm use at a value lower than the value to apply under the Small Tract Optional Tax will require payment of an additional tax. The difference between the Small Tract value (either assessed for forest use or farm use) and the most recent assessed designated forest or farm use land value is multiplied by the tax rate for that year. This additional tax for one year is multiplied by the number of years the lower designated forest value or farm use assessment in effect, for a maximum of ten years.

If your land is assessed for a use other than designated forest land or farm use, and you apply to have it taxed under the Small Tract Optional Tax, you must pay an adjustment tax to the county tax collector within 30 days of the date of certification. To levy this adjustment tax, the assessor determines the difference between the tax imposed on the land under its current use and the tax on similar land under the Small Tract Optional Tax. This computation is made for the period August 9, 1961 to the date of certification by the State Forester. If the total tax under the Small Tract Optional Tax is higher, then you will be billed for this additional tax.

Declassification

An owner may request declassification or the State Forester may decide that an owner's forest land is no longer entitled to classification under the Small Tract Optional Tax. Furthermore if the title of forest land under the Small Tract Optional tax is transferred by sale or inheritance, the new owner must request continued classification under the law within 60 days of the transfer of ownership or the land is automatically declassified.

An additional tax may be due upon declassification. This tax is calculated in two ways depending upon whether (1) you classified your land directly under the forest use value (Small Tract Option), or (2) changed classification from either farm use assessment (Small Tract Option) or designated forest land to forest use values (Small Tract Option). In the first case, taxes paid on the forest use value are subtracted from taxes that would normally have applied for a maximum of five years. The balance, if any, is the additional tax due. An annual interest charge of six percent is also levied for each year an additional tax is due.

In the second case, the assessor will subtract the forest use value from the land value that would normally apply for the last year of special forest

use assessment. The difference in value, if any, is multiplied by the appropriate tax rate for that year. This additional tax for the last year of special assessment is multiplied by the number of years the land has been assessed using forest use values, for a maximum of ten years.

HOW TO MINIMIZE YOUR PROPERTY TAXES

The tax you pay under each of the three tax laws in Western Oregon will vary considerably depending upon a number of factors:

1. The number of years you or your heirs intend to own and manage your forest property.
2. The age, species and volume per acre of your timber.
3. The site quality (productivity) of your forest land.
4. The expected interest rate.

Owners will choose the tax law which minimizes taxes for their forest holdings, other things being equal. Since some of the factors listed above may vary for different portions of an owner's holdings, he may find it least expensive to have his forest land under two or even three of the forest tax laws used in Western Oregon.

Choosing the best combination of tax laws for your forest land can be difficult. The restrictions on cutting, the appraisal procedures used and the reports required are quite different for each law and, for a particular owner, may override tax costs. Each owner must investigate these factors for himself.

Remember, your choice of forest tax law can save you money.

FOREST PRODUCTS HARVEST TAX

(321.005)

Though not a real property tax another tax of importance to forest owners is the Forest Products Harvest Tax - paid by the owner when merchantable timber is cut. In 1975 this tax amounted to 13-1/4 cents per thousand board feet on timber harvested from lands protected by the Oregon State Department of Forestry and 9-1/4 cents per M.B.F. on timber harvested from all other forest lands in Oregon.

Proper return forms and information will be automatically furnished by the Department of Revenue to anyone obtaining the required "Notification of Operation" from the Department of Forestry to harvest timber.

State of Oregon
Appeal Procedure
for
Property Taxation of Forest Land and Timber

If you believe that the appraisal values assigned to your real property (in this case forest land or standing timber) are too high, you have the right to appeal these values. Remember that the assessed values placed on your property must approximate market values. Your appeal will have a greater likelihood for acceptance if you substantiate your arguments for a reduced assessment. Evidence useful for an appeal include the following:

1. Sales of comparable timber and forest land.
2. An appraisal by a competent appraiser and/or cruiser.

The procedure for making an appeal is described below.

Western Oregon Ad Valorem Timber Tax

Assessor's
Office
ORS 308.280

1. The county assessor is required to mail by the 1st Monday in May an "Increase in Value Notice" to any owner whose real property assessment has been increased \$400 or 5 percent, whichever is greater.

ORS 308.210
ORS 308.242

2. Assessed values are determined as of January 1 each year. Values of timber and timber land are determined by the state's Department of Revenue and given to the county assessor to place on the assessment roll. On May 1st, the assessment roll is closed. If you believe your assessed values are too high, go to the assessor's office before that time and fill out a "Request for Review" form. The assessor will arrange a review of the timber inventory and/or value for your land or timber. If you are not satisfied with the results of your review, you may appeal to the County Board of Equalization.

County Board

1. The county board of equalization consists of a county commissioner, a member of the county budget committee, and a non-office holding county resident chosen by these two.

ORS 309.100

2. To appeal to the County Board of Equalization, you must file a petition with the county clerk between the 2nd and 3rd Monday in May. Appeal forms are in the county clerk's or assessor's office. If you choose to appear before the board, the clerk will arrange a time. However, you do not have to appear before the board to have your case reviewed.
3. The Board of Equalization will also arrange for a forest appraiser from the Department of Revenue to be present. The board will recommend that the appraisal be reviewed again by the Department of Revenue if the members believe that the assessed values are in error. If the board decides against you, you may appeal the board's decision to the Department of Revenue in Salem.

ORS 305.515
ORS 321.655

If the assessed value of your forest land or standing timber is not more than \$35,000, you may appeal directly from the board to the Small Claims Division of the Oregon Tax Court. If the assessed value exceeds this limit, the appeal is to the Department of Revenue. There is no further appeal from a Small Claims Division order.

Department of
Revenue
ORS 306.515

1. If you appeal the board's decision to the Department of Revenue, you must file a petition with the Department of Revenue in Salem within 30 days after the board mails its decision to you. Appeal forms can be obtained from the county assessor's office or from the Department of Revenue.
2. Department of Revenue hearings are usually held by a hearings officer in the courthouse of the county where the appeal originated. You may present your own case or you may hire an attorney to do so. Corporations must be represented by an attorney.
3. You should be prepared to submit appraisal data prepared by competent appraisers, market data, or income and expense data to show that your property was not assessed fairly in relation to market value.

You may also contrast your assessment with that of comparable property to show that your property was not equitably assessed.

Appeals from the Department of Revenue rulings are made to the Regular Division of the Oregon Tax Court.

Oregon Tax Court
a. Small Claims
Division
ORS 305.515

1. If the true cash value of your forest land and/or standing timber does not exceed \$35,000 (\$25,000 for harvested timber), you may file an appeal to the Small Claims Division of the Oregon tax court. Because the true cash value of timber is 30 percent of the immediate harvest value, the actual immediate harvest value (market value) of standing timber would be \$116,666 and of harvested timber would be \$83,333. The appeal must be filed within 30 days of the date the decision by the Board of Equalization was mailed to you. Forms are available from the court clerk, Room 106, State Library Building, Salem, OR 97310.

ORS 305.515
to 305.555

2. If you elect to appear before the Small Claims Division, the hearing is held in the county where the property lies. The hearing is informal and you may present your own case if you choose. The findings in the Small Claims Division are binding for that year. You may not appeal from the court's decision.

b. Regular
Division
ORS 306.545

1. Orders of the Department of Revenue cannot be appealed to the Small Claims Division of the Tax Court. If you choose to appeal the Department of Revenue's decision to the Regular Division of the Tax Court, you must file your complaint with the court clerk within 60 days after the Department's finding is mailed to you.
2. The trial in the Tax Court's Regular Division is a formal hearing and most taxpayers are represented by an attorney. Decisions of the Regular Division of Tax Court may be appealed to the State Supreme Court.

Forest Fee and Yield Tax

Department of
Revenue
ORS 321.355

1. All administrative decisions for classification or declassification of forest property or for appraising the quantity and value of forest products are made by the State Department of Revenue. Neither the county assessor nor the county Board of Equalization has a role in the appeal procedure under this law.

ORS 321.291(5) 2. With one exception you are allowed 30 days after an administrative order or other act of the Department of Revenue, to appeal the order to the department. However, you are allowed 60 days to appeal the Department of Revenue's recommendation for declassification of forest land under the Forest Fee and Yield Tax.

ORS 306.530 3. Upon appeal, a hearing will be held by the Department of Revenue or by an authorized hearing officer. Hearings may be held in Salem or locally at the discretion of the department.

If the department rules against you, then you may appeal to the Regular Division of the Oregon Tax Court.

Oregon Tax Court
Small Claims
Division

1. There is no provision for appeal to the Small Claims Division of the Oregon Tax Court of a Department of Revenue's administrative decision related to the Forest Fee and Yield Tax.

Regular Division
ORS 306.545

1. Within 60 days after the Department of Revenue's decision on the appeal has been served, the owner may file an appeal to the Regular Division of the Oregon Tax Court. An original and a certified copy of the petition must be filed with the court clerk in Salem, Oregon.

2. A decision of the Oregon Tax Court's Regular Division may be appealed to the State Supreme Court.

Small Tract Optional Tax

State Department
of Forestry
ORS 321.745(3)

1. Assignment of site class to your eligible forest land by a representative of the State Forester may be appealed to the Department of Forestry. If the Department of Forestry rules against you, then you may appeal to the State Board of Forestry.

ORS 321.765

2. All other Department of Forestry decisions, rules or regulations may be appealed directly to the State Board of Forestry.

State Board of
Forestry
ORS 321.765

1. The State Board of Forestry hears appeals under rules it has prescribed.

2. An appeal within 30 days of the decision by the State Board of Forestry may be made to the Regular Division of the Oregon Tax Court.

Oregon Tax Court

1. Under the Small Tract Optional Tax there is no provision for appeal to the Small Claims Division of the Oregon Tax Court. Appeals must be made to the Regular Division of the Court.
2. Within 30 days of a ruling by the State Board of Forestry an appellant must file an original and a certified copy of his complaint with the Oregon Tax Court clerk in Salem, Oregon.
3. Rulings of the Oregon Tax Court may be appealed to the State Supreme Court.

ADDITIONAL TAXES AND PENALTIES PAID WHEN LAND IS DISQUALIFIED,
DECLASSIFIED OR CHANGED IN CLASSIFICATION

<u>Law</u>	<u>Changed From</u>	<u>Changed To</u>	<u>Reason</u>	<u>Additional Tax Treatment</u>
1.a. Forest Fee and Yield Tax (Re-forestation lands tax)	Forest Fee and Yield Tax	Designated forest land or other Ad Valorem class	Declassified or disqualified by State Dept. of Revenue	County tax collector and assessor calculates the equivalent ad valorem tax for the entire period the forest property was under Forest Fee and Yield tax and deducts fee and yield taxes actually paid. Balance is additional tax due within 60 days of date of removal by State Dept. of Revenue.
1.b. Forest Fee and Yield Tax (Re-forestation lands tax)	Forest Fee and Yield Tax	Designated forest land or other Ad Valorem class	Request of owner.	Owner pays a tax which is the greater of either that specified above or 12-1/2 percent of the current market value of all forest crops on the land.
1.c. Forest Fee and Yield Tax (Re-forestation lands tax)	Forest Fee and Yield Tax	Tax Exempt Ownership	Owner sale or trade	County tax collector and assessor calculates the equivalent ad valorem tax for the entire period the forest property was under Forest Fee and Yield tax and deducts fee and yield taxes actually paid. Balance is additional tax due within 60 days of date of removal by State Dept. of Revenue.
2.a. Western Oregon Timber Tax	Any Ad Valorem land class except Small Tract Optional farm use or forest site land values.	Designated forest land.	Request of owner.	No additional tax is levied.
2.b. Western Oregon Timber Tax.	Designated forest land.	Any Ad Valorem land class except Small Tract Optional farm use or forest site land values.	<ol style="list-style-type: none"> 1. Request of owner. 2. Assessor finds land is no longer used as forest land. 3. Sale to new owner <u>who does not reapply within 60 days of sale.</u> 	County tax collector calculates the <u>increase</u> in taxes that would have been paid if the land had not been designated as forest land for the period it was classed as forest land, for a maximum of five years. Six percent simple interest will be paid on any additional tax owed.

<u>Law</u>	<u>Changed From</u>	<u>Changed To</u>	<u>Reason</u>	<u>Additional Tax Treatment</u>
2.b.			4. Sale to owner who is exempt from property taxes.	
2.c. Western Oregon Timber Tax	Designated Forest Land	Small Tract Optional Farm Use Value or Small Tract Optional Forest Site Value	Request of owner	Amount the assessed value of the new land classification <u>exceeds</u> designated forest land is taxed at the current tax rate. This additional tax for one year is multiplied by the number of years the forest land has been "designated" to a maximum of ten years.
2.d. Western Oregon Timber Tax	Designated forest land or other Ad Valorem land classification	Forest Fee and Yield Tax	Request of the owner	County tax collector calculates the <u>increase</u> in taxes that would have been paid if the land tax had not been designated as forest land, for a maximum of five years. Six percent simple interest will be paid on any additional tax owed.
3.a. Small Tract Option	Farm Use Value	Small Tract Optional - forest site value or designated forest land value (Western Oregon Timber Tax)	Request of owner	Amount the assessed value of the new land classification <u>exceeds</u> the farm use value is taxed at the current tax rate. This additional tax for one year is multiplied by the number of years the forest land has been assessed for farm use to a maximum of ten years.
	Small Tract Optional - forest site value	Farm Use Value or Designated forest land value	Request of owner	Amount the assessed value of the new land classification <u>exceeds</u> the Small Tract Optional - forest site value is taxed at the current tax rate. This additional tax for one year is multiplied by the number of years the forest land has been assessed under the Small Tract Optional - forest site value to a maximum of ten years.

<u>Law</u>	<u>Changed From</u>	<u>Change To</u>	<u>Reason</u>	<u>Additional Tax Treatment</u>
3.b. Small Tract Option	Designated forest land or Farm use value or Small tract optional - forest site value	Any land classification other than: Designated forest land or Farm use value or Small tract optional - forest site value	Request of owner or Declassified or Disqualified by State Forestry Dept. or County assessor	Same calculation as above is made if the forest land has been previously reclassified from one land class in the list below to either of the other two land classes. Designated forest land Farm use value Small tract optional - forest site value
3.c. Small Tract Option	Small tract optional - forest site value.	Any land classification except: Farm use value, or Designated forest land	Request of owner or Declassified by the State Forestry Dept.	Additional tax paid is the amount the tax on the new property classification would have exceeded the tax on the Small Tract Optional Forest Site Value. This tax is accumulated for the number of years the property was classified under the Small Tract Option for a maximum of five years. Six percent simple interest is assessed on the additional tax due.
3.d. Small Tract Option	Any Ad Valorem classification other than Farm Use Value or Designated forest land	Small Tract Option - Forest Site Value	Request of owner	Land tax from 1961 is compared to the tax on comparable Small Tract Optional Forest Site Value. If the Small Tract Optional tax is higher, the difference between the two taxes is billed to the owner as an "adjustment" tax.

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