



BIG HOUSE ON THE PRAIRIE : Dick and Mary Jaffe's farmhouse on Northwest Saltzman Road.

PROPERTY PHOTOS COURTESY OF MULTNOMAH COUNTY

Last year, more than 2,700 property owners in Multnomah County took advantage of those deferrals, pocketing nearly \$5 million in deferred property taxes.

Multnomah County tax assessor Randy Walruff says he does not think the way property owners are benefiting from tax deferrals on high-value properties in the metro area meets the original legislative intent.

"We're talking about a law that was created to help Oregon's forest industry," Walruff says. "Now, the same exemption is being used for estate sites. I just don't see how the public benefits from that."

Walruff says forest and farm deferrals make even less fair a property tax system that already disproportionately rewards high-value property owners.

"They are taking breakfast out of low-income children's mouths," Walruff says.

Property tax breaks reduce funding for schools and the police and fire bureaus.

Yet it seems nobody in Salem wants to examine these loopholes. Even the tax-friendly Democrats who control the Legislature have shown no appetite for examining the farm and forest tax breaks.

"In my four sessions on the House Agriculture Committee, I don't recall there ever being a review of these programs," says state Rep. Brian Clem (D-Salem). "I think they are serving their purpose."

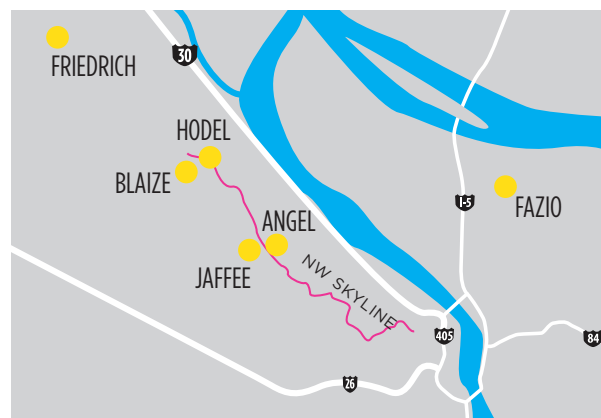
In fact, powerful lawmakers have pushed to make a generous program even more lucrative. In 2011, state Rep. Peter Buckley (D-Ashland), co-chairman of the budget-writing Joint Ways and Means Committee, pushed unsuccessfully to lower the already minuscule minimum income requirement for a small farm tax deferral.

And House Speaker Tina Kotek (D-Northeast Portland) was the chief sponsor of a 2009 bill that provided a multimillion-dollar property tax bailout to just one constituent—a farmer who'd seen his tax deferral canceled (see sidebar, page 14).

Currently, lawmakers led by state Sen. Betsy Johnson (D-Scappoose) are seeking an expansion of such loopholes, pushing legislation that would generate retroactive new tax deferrals for wildlife habitat.

"If we are not going to make sure that people with

LOCATIONS OF PROPERTIES MENTIONED IN THIS STORY



existing tax deferrals are actually doing something that benefits the public," Wiser says, "we shouldn't be passing new laws that help more people avoid paying taxes."

Anyone who has driven through the Cascades knows what a forest looks like. But forests look different to legislators, who allow property owners with only 2 acres of trees to qualify for a tax deferral.

Originally, lawmakers created forest and farm deferrals to promote the timber industry and food production. As a result, farmers and foresters pay greatly reduced property taxes—in the range of 10 or 20 percent of what they'd otherwise pay. That costs local tax authorities across Oregon nearly \$250 million a year, according to state figures.

The tax deferrals may make sense for large farm and timber operations. It's less clear what they do for the hobby farms and small forests that dot the metro area.

A good example is the home owned by Loran and Erena Friedrich, who live on 4 acres in Northwest Portland. The Friedrichs have a forest deferral for 3 of their 4 acres. The Friedrichs are not timber people. Erena Friedrich says she and her husband moved from Hillsboro to rural Portland in 2005 seeking more green space. She says the



TAX BREAK: The Jaffes have separate farm deferrals for a 20-acre wood lot and 11 acres of rangeland.

"THEY ARE TAKING BREAKFAST OUT OF LOW-INCOME CHILDREN'S MOUTHS."
—RANDY WALRUFF, MULTNOMAH COUNTY TAX ASSESSOR

forest deferral on the Portland property they purchased was not a big consideration.

"Our taxes would be higher," she says. "It's handy to have the deferral."

One indication that property owners are serious about forestry is having a forest-management plan with a schedule for harvest, removal of invasive species, etc.

Erena Friedrich says she and her husband have no forest-management plan, nor have they given any thought to harvesting trees.

"It's just woods," she says. "There is a game trail through it. We've seen coyotes come through. One morning I woke up and the entire yard was covered with elk."

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