

Business Notes

Small woodland owners will discuss tax options at local meeting

The Oregon Department of Forestry (ODF) and the Tax Working Group (TWG) are seeking public comment on a draft agreement of a slate of property tax options for small woodland owners, those with less than 5,000 acres.

Two years ago, the system of valuation for large landowners, known as the Large Landowner Default System, was implemented for all landowners with more than 5,000 acres. This system covers industrial forestland operations.

Smaller tracts remained in the Privilege Tax Program. Because small, non-industrial woodland owners operate at a competitive disadvantage, compared to large landowners, the TWG has been meeting to develop a system that addresses the special needs of smaller operations.

While a parcel of land of up to 5,000 acres may not seem small, such lands are small

when compared to the holdings of the multi-national timber companies. The small woodlands are often family farms that can't achieve the economies of scale utilized by big companies, and have higher relative operating costs. Other considerations of the TWG include regulations which may have a greater relative impact on owners of small tracts, estate taxes, difficulty in accessing markets, and that some owners harvest infrequently, or not at all, during their lifetimes.

The draft proposal includes three options:

Option A: Large Landowner Default Tax System

Unless another tax option is adopted, all forestland owners will be included in this system on July 1, 2003. Under this plan, landowners pay an annual tax based on the Specially Assessed Forestland Values (SAFV) set by the legislature approximately two years ago. The special assessment lowers

the tax burden as an incentive to maintain forestland. These values are protected under Ballot Measure 50. All forestland owners with less than 10 acres will be included in this program. No additional tax would be required regardless of the amount of timber harvested.

Option B: Reduced Land Value - Annual Tax

This plan reduces the annual tax, again based upon the SAFV, by a percentage yet to be determined. The target is 50 percent and, according to Paul Nys, Oregon Small Woodlands Association (OSWA) Vice President and a member of the TWG, there has not been any suggestion to change the targeted figure. To qualify for this tax program a landowner would provide ODF with a plan that meets landowner management objectives approved by ODF, to promote higher investment in good forest management than the stewardship standards of the Forest Protection Act. According to Nys, the rationale for this option is based on the greater proportionate costs associated with managing small woodlands and that longer rotational periods used on these tracts are preferred by the public and include a number of associated public values with corresponding costs. This option could be selected by those ownerships from 10 to 5,000 acres.

Option C: Streamline Current Forestland and Privilege (20 - 80) Deferral

According to Nys, this plan is

essentially similar to the existing Privilege Tax Program. Most local small forestland owners would be covered under this program. The major difference in the new proposal is that the tax would be based upon volume (board feet) at the time of harvest. Landowners would still be required to pay 20 percent of the tax annually, as the current program requires. The remaining 80 percent of the "deferred" tax would be paid when the trees are harvested. There is significant doubt whether this program would be protected under Ballot Measure 50, writes Nys in the OSWA newsletter. The rate for this tax is yet to be determined, said Nys, though it will be similar to the "eastside" and "westside" averages now used.

Nys' article explains that stipulations may apply on moving from one program to another, and "roll back" fees plus interest could be required. Landowners may also be disqualified in some instances, if unable to meet conditions required of the selected program.

Public comment on the plan is encouraged and should be sent in writing to Gail Barnhart, ODF Forestry Association Program, 2600 State St., Salem OR 97310, email: gbarnhart@odf.state.or.us.

The next meeting of the TWG, June 17 from 9:00 a.m. to 4:00 p.m., will be open to the public. It will be held at ODF Protection Conference Room, Bldg.2, 2600 State Street,

Salem.

Questions about the program may be directed to Paul Nys, 503-556-8800 or the TWG chair Dave Schmidt, 503-979-7523, email: dschmidt@smt-net.com.

The tax plan will be discussed at a meeting of the OSWA in Vernonia, May 7, at the New Hong Kong Restaurant. The public is invited. If you would like to eat with the group, RSVP to Lynn Nichols, 503-556-8208 or Rod Nastrom 503-397-5997 by May 3rd. The

Associate joins Fuiten, Rose & Hoyt



Hector De Los Santos

Hector De Los Santos has joined the staff of Fuiten, Rose & Hoyt Funeral Homes in Forest Grove and Vernonia, and Forest Grove Memorial Chapel. A native of South Texas, he was born in Brownsville and raised in San Benito, Texas.

De Los Santos is a graduate of Dallas Institute of Funeral Service, where he earned an Associate of Science degree in 1983. He and his wife, Mona, recently relocated from southern Arizona to Forest Grove.

Business Expo provides excellent public exposure

The community is invited to enjoy the second annual Vernonia Business Expo, to be held May 11, from 10:00 a.m. to 4:00 p.m., in the Washington Grade School gymnasium.

Sponsored by Vernonia Cares, the expo is free to the public and provides businesses and organizations in the area with a forum to show the community what is available here. Raffle items, free samples and helpful information will be presented at the vendors' tables. The Expo is expected to have some items for sale, as well. Food vendors have already expressed their intention to be a part of the Expo.

"This is a wonderful chance

for all of these businesses to show their wares. It also allows local churches, organizations and the arts community to reach out to Vernonia," said project chairperson Sandy Welch.

Table space is limited. Vendors should contact Vernonia

Cares immediately to reserve a space. The \$25 registration fee is tax deductible.

For more information and registration forms, call Vernonia Cares Food Bank at 503-429-1414 or email: cares@vernonia.com, or write to P.O. Box 126, Vernonia, OR 97064.



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